

POWERED ASCENT report



“Why commit to 100% impact investments?

To invest in the future we want to create.

To protect the commons upon which all life depends.

*To demonstrate that capital can be deployed
with a higher purpose beyond financial return.”*

– Annie Chen

moving deeper into **impact**

As the impact investment marketplace matures, Toniic 100% Impact Network members are finding more products and services to meet their increasingly discerning impact needs.

The nested pie chart on the front cover demonstrates how members are aligning their impact intentions, as expressed by the 17 UN Sustainable Development Goals (SDGs), across asset classes.

See page 31 for more information on the SDGs.

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foreword

Dear Reader,

Toniic published its first T100 report in December 2016. Much has changed and much has stayed the same: from the world at large, to the impact ecosystem, to Toniic's 100% community. Let me share my thoughts on how this has shaped the T100 project and its potential.

An unprecedented pace of technological change and the emergence of a new level of awareness and consciousness have created a world of radical discontinuities and exponential change. Linear approaches are not sufficient to address the biggest issues of our times, including climate change, poverty alleviation, social injustice, inequality, and the financial system itself. We need to think outside the box, co-imagine the future, and co-create it. Toniic's 100% members are at the forefront of this transformation.

During the last 18 months, the financial system has not changed much. The answer to the question "what is the purpose of the financial system?" continues to appear to be "to serve itself." The right answer, in my opinion, would be "to serve humanity and the planet." Toniic's 100% members are not accepting the status quo. They are not accepting the notion of "externalities," and they are not accepting Modern Portfolio Theory, which by definition is not about systemic approaches.

The good news is that the impact investing ecosystem has dramatically evolved. The *broad* impact movement towards *Environmental, Social and Governance* (ESG) criteria has reached critical mass and is here to stay. It is a significant step forward from negative and positive screening. It is mostly driven by institutional capital and is expecting so-called market-rate returns. Sadly, it often lacks transparency and deep intentionality. Most "100%ers" are demanding more than pure ESG-driven products and are pushing for deeper thematic impact even in the liquid portions of their portfolios.

And there is more good news. The deep impact movement towards thematic and systemic solutions has also made significant progress. This movement is mostly led by private asset owners like the 100%ers, expecting appropriate financial returns for a particular impact risk. 100% impact portfolios need both broad and deep impact. The challenge and the opportunity of the impact world is to develop the deep impact movement into a significant market niche, while strengthening the broad ESG movement. The 100% community is leading deep impact activities like developing fully thematic portfolios; movement building; democratization of impact investing; development of impact term sheets; investing in new fund structures and innovative investment vehicles; deployment of blended capital; and impact management.

In order for deep impact investing to reach its full potential, a better understanding of the behaviors as well as the impact risk and return expectations of impact investors is needed. Lack of access to appropriate datasets has prevented academia from pursuing a scientific understanding of deep impact. Toniic's research partnership with select universities under the leadership of the Center for Sustainable Finance and Private Wealth at the University of Zurich is a start. We have embarked on a ground breaking multi-year longitudinal research study, leveraging T100's anonymized portfolio data-set.

The 100%ers are at the forefront of changing the financial system. We are at the very beginning of that change, and while it is necessary to confidently navigate the old system and cast our arguments in the language of that system, we do so while inventing a beautiful new system, which will serve humanity and our planet. I want to personally thank all of our members, partners, and staff for their dedication and commitment. And I would like to invite you, dear reader, to envision and co-create the future with us.

In gratitude,

Charly Kleissner, Co-Founder, Toniic and Chief Strategist, 100% Impact Network
Innsbruck, Austria, May 2018

about toniic and the 100% impact network



Founded in 2010, Toniic is the global action community for impact investors. As a non-profit member organization, Toniic serves individuals, family offices, foundations, endowments, investment companies, and members of the public committed to aligning their investments with their values across all asset classes.

Toniic envisions a transformed global financial ecosystem creating positive social and environmental impact. With that vision at its core, the mission of Toniic is to empower impact investors wishing to contribute to this transformation.

As of this writing, Toniic is comprised of nearly 200 memberships representing more than 400 investors in more than 20 countries. The membership reflects a diverse range of asset sizes, targeted impact themes, legal structures, and investment geographies.

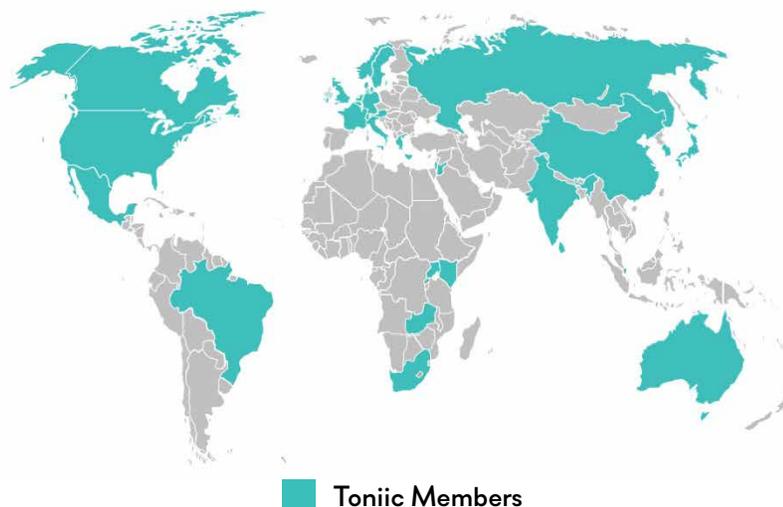
For more information about Toniic, please visit www.toniic.com.



The Toniic 100% Impact Network is a sub-network of Toniic. Its members are asset owners who have intentionally committed to moving 100% of the assets in at least one investment portfolio into investments across all asset classes that create varying degrees of positive social and/or environmental impact. Within a trusted network of peers, “100%ers” have committed to sharing their impact portfolios with each other. The 100% Impact Network provides these investors with a powerful suite of tools as well as a trusted community of investors built on common values, with whom they can share their investment approaches and lessons learned.

The 100% Impact Network is comprised of over 90 memberships representing over 140 “100% investors” globally, who are actively moving approximately US\$6 billion into impact investments. Of this amount, more than US\$3 billion has already been deployed.

Toniic - a global community



about the T100 project and the impact portfolio series



The lack of compelling quantitative and qualitative data points, case studies, and the corresponding lack of impact stories illustrating the viability of impact investment as an approach, is one of the primary reasons impact investors and traditional investors stay on the sidelines. In addition, many financial intermediaries do not yet see a business case for the development of impact investing products and services.

The T100 Project is a longitudinal study of the investing experience of Toniic 100% Impact Network members. By publishing these studies, Toniic seeks to:

- Inspire and enable others to explore impact investing and accelerate their impact investing journeys;
- Demonstrate to financial intermediaries that there is a significant and growing market for impact generating investment products and services; and
- Empower the research community to begin exploring systemic issues such as impact risk factors, the availability and accessibility of specific impact themes within each asset class, and how best to incorporate externality pricing into security valuation and analysis.

The first report in the T100 Impact Portfolio Series, **T100 Launch: Insights from the Frontiers of Impact Investing 2016 (Launch report)**,¹ was published in December of 2016 and combines an analysis of 2015 end-of-year investment portfolio data with stories of the investors' personal journey into impact. These 51 portfolios going to 100% represent US\$1.65 billion of capital committed to impact investments, with US\$1.14 billion deployed as of December 2015.

about this report

This report, **T100 Powered Ascent: Insights from the Frontiers of Impact Investing 2018 (Powered Ascent report)**, the second in the T100 Impact Portfolio Series, combines an analysis of investment portfolio data from 76 Toniic 100% Impact Network member investment portfolios with stories of their personal journeys. These portfolios represent US\$2.8 billion of capital committed to impact investments, with US\$2.3 billion deployed into impact as of December 2016 or 2017. This is an almost doubling of the size of assets studied compared to the first T100 Impact Portfolio Series report in 2016. The 76 portfolios range in size from less than US\$2 million to more than US\$500 million in assets.

Research and Survey Partnerships

Toniic has launched a research partnership with the Center for Sustainable Finance and Private Wealth (CSP) at the University of Zurich,² which is coordinating a research consortium with Harvard Business School, University of Cape Town, Oxford University, University of Hamburg, Maastricht University and the Wharton School at the University of Pennsylvania. This research is leveraging T100's anonymized datasets and has begun a longitudinal study focusing on behavioral science and post-modern portfolio theory topics. A couple of early results and related research are included in the report.

¹ <https://www.toniic.com/t100/insights-from-the-frontier-of-impact-investing/>

² <http://www.csp.uzh.ch>

In coordination with the Global Impact Investing Network (GIIN),³ Toniic has aligned ten questions in its member survey with the GIIN's annual survey questions on the topic of impact measurement. Our reflections are also included in this report.

Datasets Analyzed for this Report

This report is based on the participation of 83 impact investors committing to 100% with one or more portfolios. Some participants only provided a survey response, while others participated both in the survey and the portfolio analysis. The dataset was derived from 76 portfolios, 66 survey responses and 18 in-depth interviews. All data provided is self-reported and portfolios were not independently analyzed.

The dataset was analyzed according to the following characteristics: type of investor, asset size, gender of investor, age group, domicile of investor, impact categories of investments, and whether investors are working with or without an advisor (or other investment professionals).⁴ All references to capital (single-, double-, and triple-digit million) refer to US dollars unless otherwise noted.

All figures and tables are based on 76 portfolios or 66 survey responses unless otherwise noted. All photos provided by respondents unless otherwise noted.

Table 1: Portfolio Data Characteristics

Investor Type Asset Size	Individual	Family Office	Foundation	Investment Company	Grand Total	Average Committed Capital 2017
\$	21	1	8	4	34	\$4.6M
\$\$	22	3	8	3	36	\$29.5M
\$\$\$		2	4		6	\$286M
Grand Total	43	6	20	7	76	\$37M

Table 2: Survey Data Characteristics

Investor Type Asset Size	Individual	Family Office	Foundation	Investment Company	Grand Total
\$	18		6	4	28
\$\$	21	3	8	2	34
\$\$\$		2	1	1	4
Grand Total	39	5	15	7	66

³ <https://thegiin.org/>

⁴ Definitions are located in the Lexicon on pp. 55-57

Sample Overlap with T100 Launch Report

The portfolio and survey samples for this report differ from the T100 Launch report in the following ways. Of the 76 portfolios in this year's sample, 42 also participated in the T100 Launch report. The full Launch report sample participated a total of 51 portfolios. Of the 66 survey responses in this year's sample, 29 also provided survey answers for the T100 Launch report. The research team analyzed this overlapping sub-sample and analysis is presented where appropriate.

T100 Tools and Resources

All T100 publications, tools, and personal profiles from our multi-year project can be found at <http://www.toniic.com/T100>.

Note on Inferences

This report does not purport to reflect a statistically significant sample size from which one can draw definitive conclusions. Some of the report limitations arise from legal and regulatory constraints, from the essentially private nature of some data, and from Toniic's evolving understanding of how to improve the precision of our questions and analysis. In this report, where we make inferences about why particular trends emerge from the data, we do so cautiously and label those inferences as such.

executive summary

The Powered Ascent report, second in the T100 Impact Portfolio Series, reveals that impact investors with a wide range of asset sizes are:

- Going farther faster;
- Meeting their financial goals while deepening impact performance; and
- Benefiting from a maturing impact marketplace that is enabling depth, diversification, and measurement.

Respondents are moving measurably into deep impact (thematic) product. The aggregated portfolios are characterized as follows: 40% in thematic, 23% in sustainable, 12% in responsible, and the remainder, 25%, in non-impact investments. A maturing impact marketplace is enabling 100% impact portfolios to target more thematic impact products across most asset classes. While finding impactful public equities, hedge fund and cash-equivalent options continues to be a challenge, many investors have made progress in these asset classes as well as in real assets.

Respondents do not believe they need to sacrifice financial performance to achieve impact. They tune their financial and impact return expectations to their particular goals and constraints. While 73% target commercial returns *at the portfolio level*, a total of 85% make sub-commercial investments *within their portfolios* to achieve deeper impact. In addition, a majority of the respondents believe impact investments yield the same or higher returns compared to traditional investments whether they are held for the short-term (1-3 years) or the long-term (>7 years).

Most respondents affirm that a spectrum of capital and financial returns is needed to solve the most pressing social issues. As such, 82% of respondents are coordinating their philanthropy with their impact investment strategy, and see this as an opportunity to support innovative solutions to big challenges. Furthermore, many respondents consciously choose a broader range of return expectations for some investments that they believe have the potential for high impact, preferring to target a more appropriate risk-adjusted return.

Impact measurement remains a work in progress. Respondents engaged in measuring the impact of their investments jumped since the Launch report (60% in this report versus 38% in the Launch report), with the collection of quality data remaining the main challenge. The UN Sustainable Development Goals have been adopted by some as a common tool for analyzing impact, making it possible to define, benchmark and compare impact goals.

While our survey respondents note continuing challenges, none are deemed insurmountable.

Respondents cite achieving numerous accomplishments and impact objectives. As one respondent remarked, “I work on getting better, as opposed to waiting to have something that’s perfect.”

All participants in this study **expressed the desire to make a positive contribution to humanity and the environment beyond the direct impact of their portfolios.** They are engaged in both transforming the financial markets through their portfolios *and* engaging in local and/or global community-based initiatives.

There is a growing sentiment in the survey responses that **impact investing is a part of a more holistic endeavor**—personal transformation and growth as realized through the intentional alignment of all of one’s resources, both personal and financial. As 100%er Bob Pattillo astutely observed, while “impact investment is transformative to the investee,” it is more so “to the investor.”

who is going all in

Toniic 100% Impact Network members are educators, physicians, ex-hedge fund managers, entrepreneurs, restaurateurs, artists and more. These women and men are self-made millionaires, or inheritors and trustees, sometimes stewarding wealth that spans many generations.

In dissecting the 87 datasets provided by 83 investors:

- 57% are high net worth individuals, 23% are family foundations, and the remainder are either family offices or investment companies.
- Respondents range in age from 24 to 74 years, with Baby Boomers making up the largest segment of participants in this study.
- The gender ratio is 41% female and 59% male.
- 45% of the reporting portfolios are double-digit million dollars in asset size and the largest group represented in the study, followed by single-digit at 42%, and triple-digit at 13%.

100%ers are experienced impact investors. Over two-thirds of the participant have five or more years of experience in impact investing. Approximately 40% have 10 or more years of experience.

Regardless of background, age, gender or geographic location, they are committed to moving 100% into impact, and they are deepening that commitment over time.

Figure 1: Characteristics of T100: Powered Ascent Respondents



Millennials: Born between 1981 and 2000
 Generation X: Born between 1965 and 1980
 Baby Boomers: Born between 1946 and 1964

\$: Single-digit million portfolios (\$1-<\$10M)
 \$\$: Double-digit million portfolios (\$10-<\$100M)
 \$\$\$: Triple-digit million portfolios (\$100M+)

“

*Putting my money where my meaning is,
makes me live who I am.*

– Tim Noortman

*“I want my capital to create a better
world for those less fortunate.”*

– Brent Kessel

”

“

“There is no other way for me.”

– Josephine Korijn



berry liberman
and danny almagor



moritz kortekangas (far left) and team



evita zanuso



eric rassman



joel solomon

“

“I have had opportunities in my life and therefore feel it is my moral obligation to do the same for others and to invest my efforts and my capital with impact.”

– Veerle Berbers

“I want to create positive impact based on a reflection of my values and my work with NGOs.”

– John Raimondo

”

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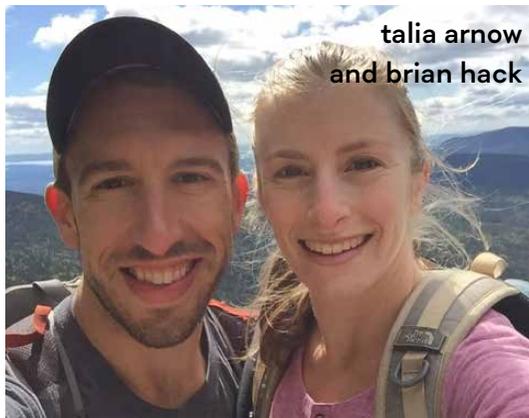
“To serve as a role model for my family and other investors.”

– Josh Arnow

lital slavin



talia arnow
and brian hack



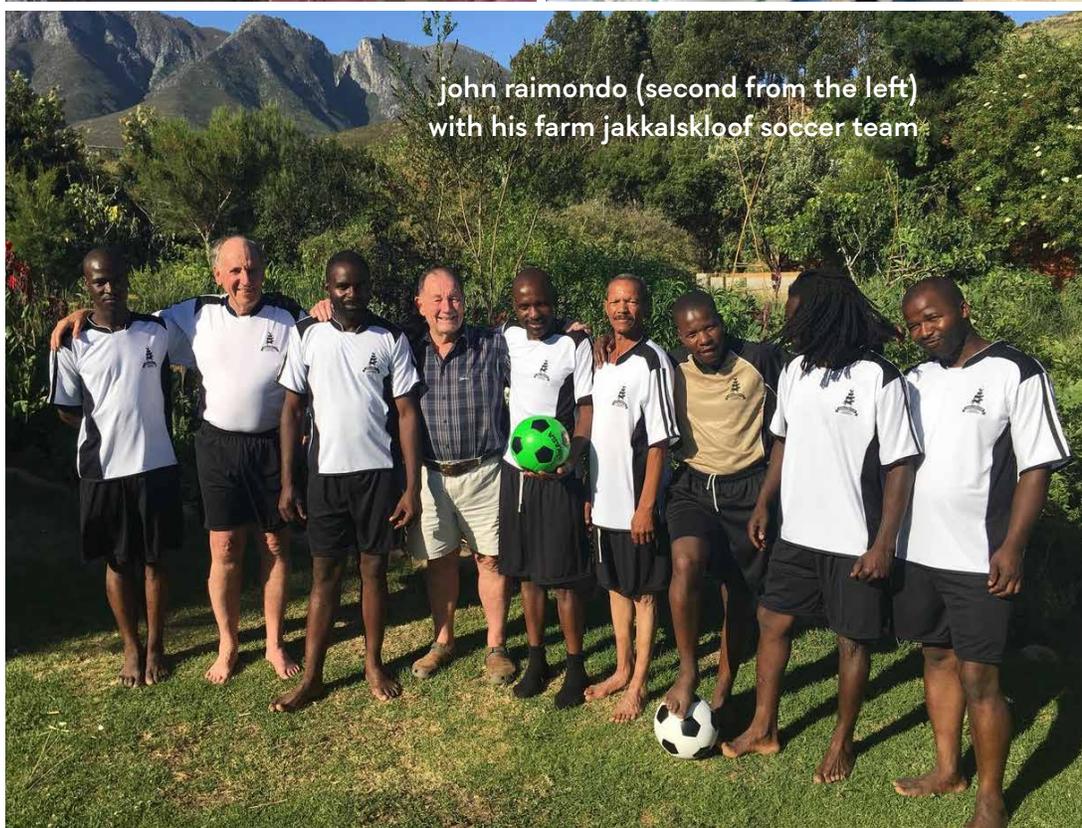
nidal eses



eric jacobsen



john raimondo (second from the left)
with his farm jakkalskloof soccer team



why 100%



While the sources, catalysts, and rationales for committing to impact are unique to each investor, respondents affirm two key motives:

- The desire to align one's investments with one's personal values; and
- The wish to make a positive contribution to humanity and/or the environment, e.g. to own investments that benefit others.

For all respondents, **the desire to make a positive contribution goes well beyond their portfolios.** While seemingly obvious, these motivations are foundational to why respondents are willing to question the status quo, move from non-impact to impact, and, despite the challenges, evolve and deepen their practice.

For more stories on how Toniic members are going deeper in their portfolio and impact work, see the *Going Deeper* section on pages 49-51.



Values as Understood From a Research Perspective

Prof. Timo Busch and Sarah Carroux at the University of Hamburg in collaboration with the Center for Sustainable Finance and Private Wealth at the University of Zurich

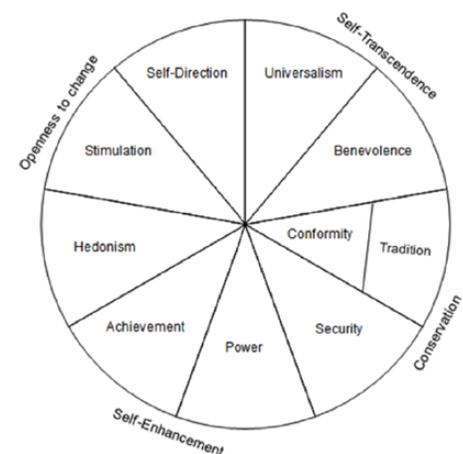
The fact that almost all of the respondents (98%) want their investments to be aligned with their values shows that they are strongly values-driven. Shalom H. Schwartz, the creator of the Theory of Basic Human Values, identified 10 key value types: Universalism, Benevolence, Conformity, Tradition, Security, Power, Achievement, Hedonism, Stimulation, and Self-Direction (Schwartz 1994, see Table 3 in the Appendix on page 62).

The top 5 values exhibited by the respondents based on the percentage of level of agreement in the survey are: Universalism (98%), Conformity (97%), Hedonism (97%), Security (93%) and Benevolence (92%).

The adjacent values, as shown in Figure 2, have shared foci. Universalism and Benevolence are both concerned with enhancing others and promoting selfless interests; Benevolence and Conformity are both focused on advancing the welfare of others; and Conformity and Security are both concentrated on fostering social stability (Schwartz 1994). Only Hedonism, expressed by 97% of all the respondents, opposes the other 4 major values they exhibit, as

Hedonism is focused on self-centered satisfaction (Schwartz 1994). This shows that the respondents' behavior is not necessarily consistent with all of their dominant values; however, that does not necessarily pose a hindrance to impact investing. Impact investing is typically motivated by a combination of selfish and selfless interests, i.e. the creation of both financial return (selfish) and social impact (selfless). Hence, the respondents' investment behavior may be inconsistent with some of their dominant values, according to Schwartz (1994), but it is still consistent with the practice of impact investing.

Figure 2: Values Adjacency Shared Foci





The most interesting finding is that the T100 respondents are homogeneous in terms of their values and motives for impact investing. This is an interesting finding since typically investors tend to reflect a range of different

personal values. Apparently, impact investors share a common understanding of what matters in life and what their personal role towards society is.

That motives and values go hand-in-hand is highlighted by the following stories from respondents regarding their impact investing practices.

Talia Arnow, a 27-year-old private impact investor from Boston, was interviewed for the Toniic Millennial report⁵ in 2015. She felt privileged to have a relationship with the natural environment through her family's farm in upstate New York and a responsibility to be the best environmental steward she could be.

After a few years of exploration with her family and her impact peers, Talia's thinking has shifted. "I was defining values as environmental stewardship and social justice two years ago, and that meant something along the lines of investing in a minority owned local food enterprise. Now I am defining values differently. I'm defining values as qualities and characteristics for who I am: authenticity, integrity and cooperation. So, now I am seeking investments to meet those values."

Matt Patsky, a 55-year-old private investor and the CEO of Trillium Asset Management in Boston, was initially interested in impact investing because of his passion for the environment. Today, the issue area of greatest interest to Matt and his husband is human rights, particularly as it relates to diversity issues including LGBT equality.

Matt's championing of diversity and the LGBT community is reflected in the governance and makeup of Trillium. "We have 47 employees. We happen to be about 20% LGBT." Trillium has been a leader in fighting for LGBT workplace equality and domestic partner benefits since 1985. "Did this change the dynamics of who we attracted? Absolutely. There are employees who came to this firm because those protections were in place and they had a deep appreciation for the role Trillium played more broadly in advancing LGBT rights. Personally, that is one of the reasons I was excited to join the firm."

Nidal Eses, a 51-year-old private impact investor from Jordan, had a stressful job leading a large multinational investment and industrial group. He was successful but felt disconnected from who he was as a person. "I felt that my job was not aligned with my compass between the ages of 30 and 45. But, at least one's compass stays intact, even if you lose a bit of direction." Today, as an impact investor with a focus on the *caring and sharing economy*,⁶ Nidal feels more aligned and at ease with his approach and decisions. "My inner fire has ignited again and I feel driven, content and blessed. I am experimenting with good intentions, but I know it takes time. Like carving a stone, you cannot erase it once you start."

In 2016, **Eric Rassman**, a 39-year-old private investor from New York, looked at his portfolio and summarized what he saw as follows: "One million that's aligned to my values and three million that's not. The more I revisited my portfolio, I would ask myself the question, 'Is this really aligned with who I am?' I couldn't stomach the disconnect between where the money was and what I actually believe in."

Reflecting on this today, Eric explains, "What has happened since is that the level of fear of not having enough has diminished." Seeing capital as "a tool for my own individual growth and transformation" has enabled Eric to challenge his own boundaries. "I am living my belief system more. If I invest in caring and the kindness in people, the need for money decreases and I feel free."

5 <https://www.toniic.com/millennials-report-download/>

6 See *An Impact Lens* on page 31

what: the 100% impact portfolio

Lisa Renstrom, a private impact investor, shares that “capital should be invested to create a better world.” But what does a 100% impact portfolio look like that is guided by this intention? The following section examines trends in the portfolio design of respondents seeking to connect their portfolio strategy with their impact objectives, risk-return preferences, and liquidity needs.

Impact Categories

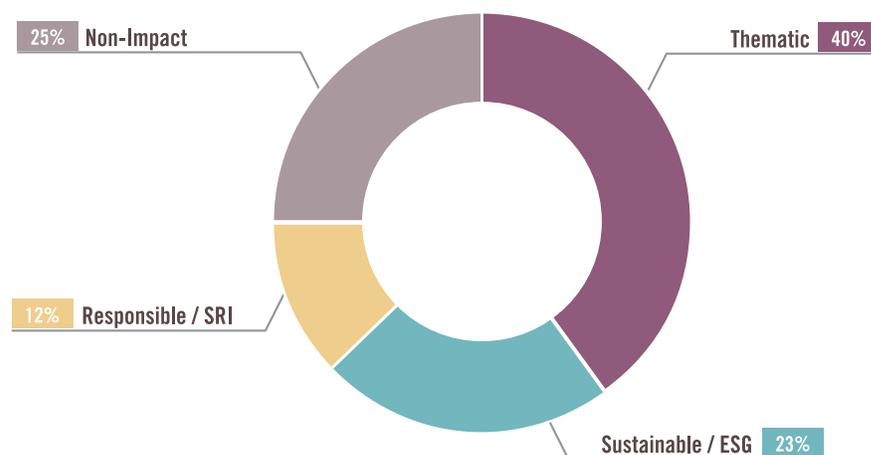
For the purpose of this section and the report, respondents have adopted the following impact categories⁷ when reporting their asset allocations:

- **Non-Impact:** Traditional investments focused exclusively on profit maximization
- **Responsible / SRI:** Investments that have undergone negative screening and contain a social or environment component
- **Sustainable / ESG:** Investments that take Environmental, Social and Governance (ESG) factors into consideration
- **Thematic:** Investments that focus on one or more than one impact theme or trend, such as clean energy, cybersecurity or education

Note that a small percent of investments reported by respondents were defined by more than one impact category. For instance, while one impact investor may categorize an investment as sustainable, a different investor might categorize the same investment as thematic or responsible. The deciding factor for each investor is the intention behind the investment.

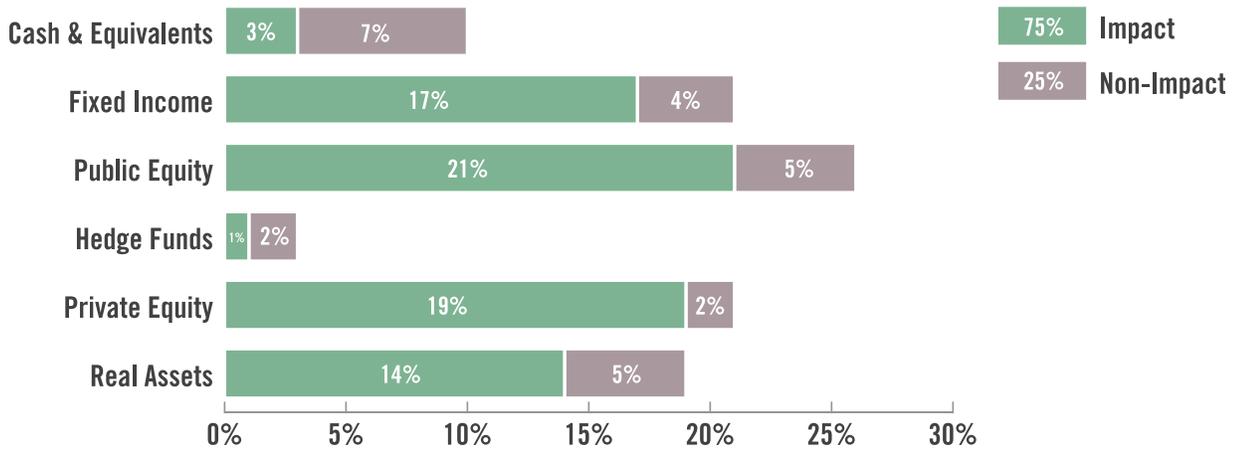
On average, 75% of the reported portfolios are invested in an impact category, up from 64% in the Launch report. Compared to the Launch report, non-impact reduced from 36% to 25%, and thematic, sustainable and responsible categories each increased by 3 to 4%.

Figure 3: Aggregated Impact Categories



⁷ See Lexicon on page 56 for definitions.

Figure 4: Asset Class Allocation and Impact



Asset Class Allocation and Impact Categories

Public equity represents on average the largest percentage allocations in respondents' portfolios, followed closely by fixed income and private equity. Ninety percent of the allocation to private equity investments, approximately 80% of public equities and fixed income, 70% of real assets, and 30% of cash and cash equivalents are aligned with impact. Impact allocations, as noted on page 6, are moving from non-impact into impact across all three impact categories equally.

Figure 5: Asset Class Allocation

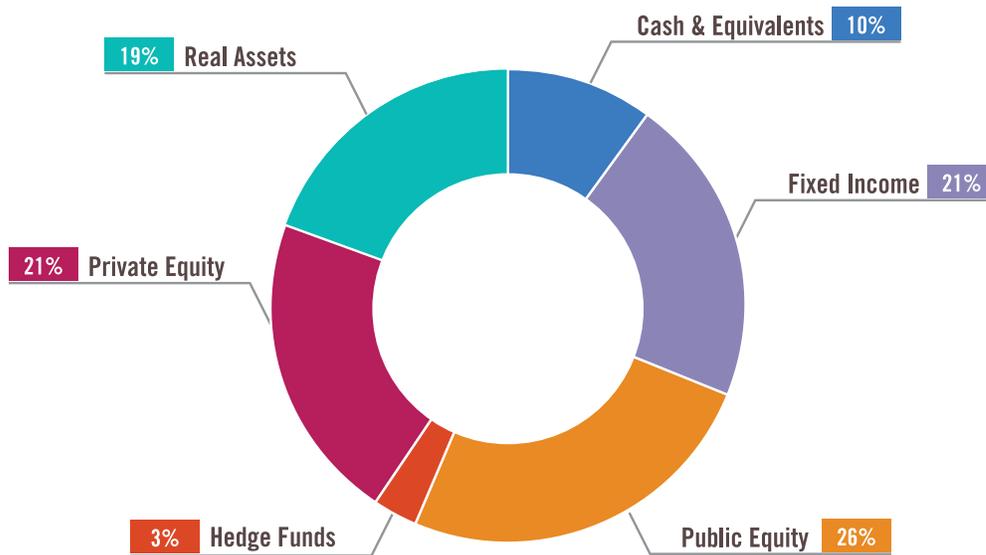
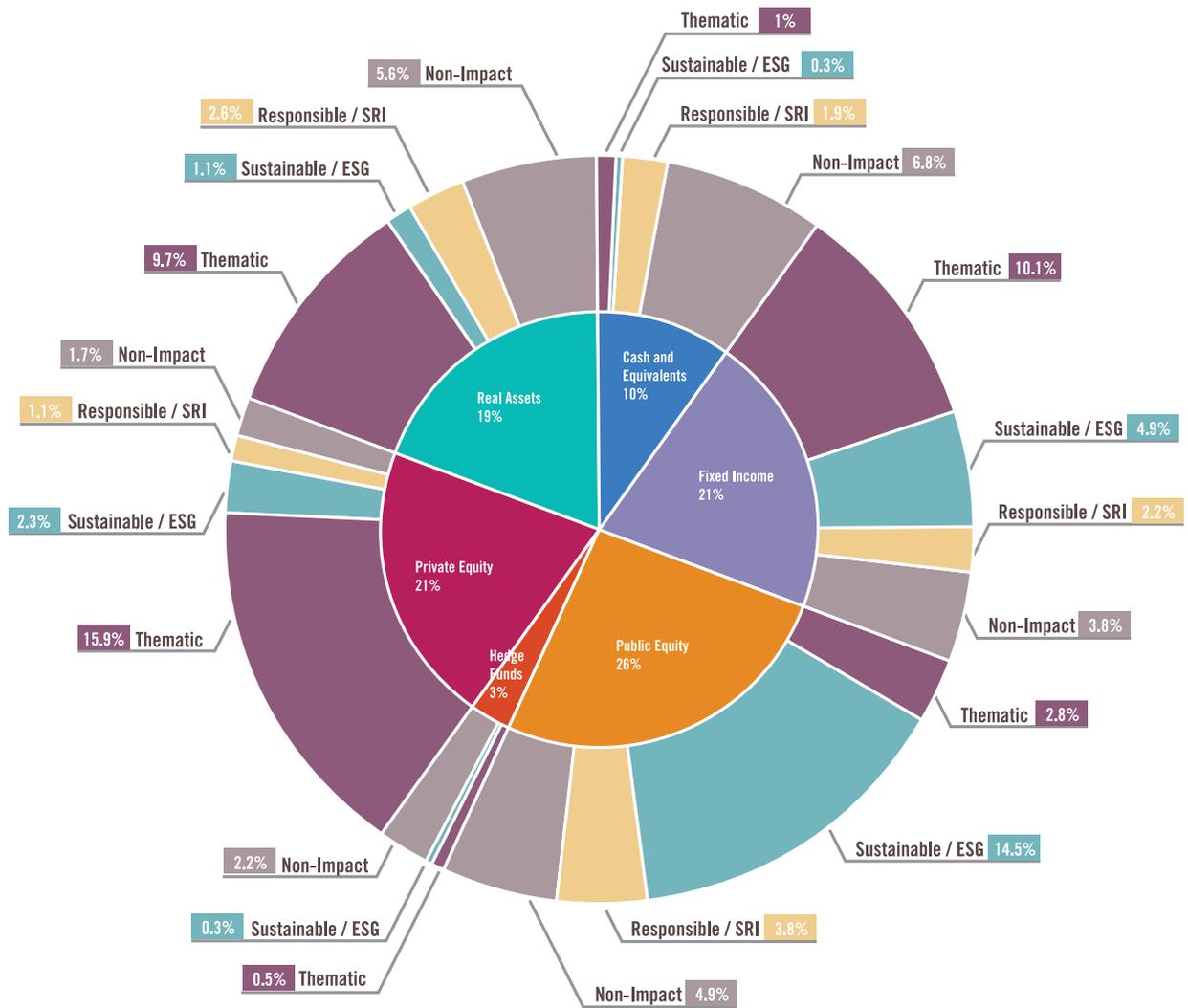


Figure 6: Impact Categories by Asset Classes



In the nested pie chart above, one readily sees how public equity is delivering broad impact (sustainable, responsible, and a small amount of thematic), while private equity, real assets, and fixed income are delivering more thematic impact.



Comparing the Asset Allocations of a Non-impact vs. an Impact Portfolio

Raul Pomares, Sonen Capital

How different is the asset allocation of a portfolio intentionally seeking impact versus a portfolio that is profit-maximizing? Given the makeup of the aggregated T100 portfolios, an “endowment model” might be a good comparison. The National Association of College and University Business Officers’ (NACUBO) annual study⁸ of asset allocations for college endowments of various sizes (from under US\$25 million to over US\$1 billion) provides some insight.

Size of Endowment	Domestic Equities %	Fixed Income %	Non-U.S. Equities %	Alternative Strategies*	Short-term Securities / Cash / Other
Over \$1 Billion	13	7	19	57	4
\$501 Million to \$1 Billion	20	9	22	42	7
\$101 Million to \$500 Million	27	13	22	32	6
\$51 Million to \$100 Million	33	17	22	22	6
\$25 Million to \$50 Million	37	20	19	17	7
Under \$25 Million	41	24	16	11	7

Comparing the NACUBO study findings for portfolios in the US\$25 million to US\$50 million range to the T100 asset allocation in the Powered Ascent report, a notable variance can be seen in the alternatives bucket.

Hedge funds are typically underweight in an impact portfolio (relative to non-impact portfolios) primarily as a result of there being fewer available impact strategies for these funds. In addition, many impact investors believe that taking short positions is not consistent with the mission of creating positive social and environmental impact with their investments. On the other hand, real assets and private equity afford the impact investor a much more direct opportunity to target and measure the impact they see. This likely explains their relative overweight when compared to non-impact portfolios.

Readers interested to learn more about the investments analyzed for this report should consult the *Toniic Directory*.⁹ The directory currently has over 1,700 investments made by Toniic members and their impact peers such as ImpactAssets and the Tides Foundation. Investments can be searched by a number of variables including asset classes, UN Sustainable Development Goals, impact themes, and geographies.

⁸ <http://awealthofcommonsense.com/2018/02/the-vanguard-endowment-model/>

⁹ <http://www.toniic.com/toniicd>

⁹ what: the 100% impact portfolio

Asset Allocations and Impact Category Influencers

Where an investor lives informs where she invests. The well-known “investor home bias” can be seen in most regions in Figure 8 on page 11, with European investors having a more geographically diverse portfolio than their investor peers in other regions.

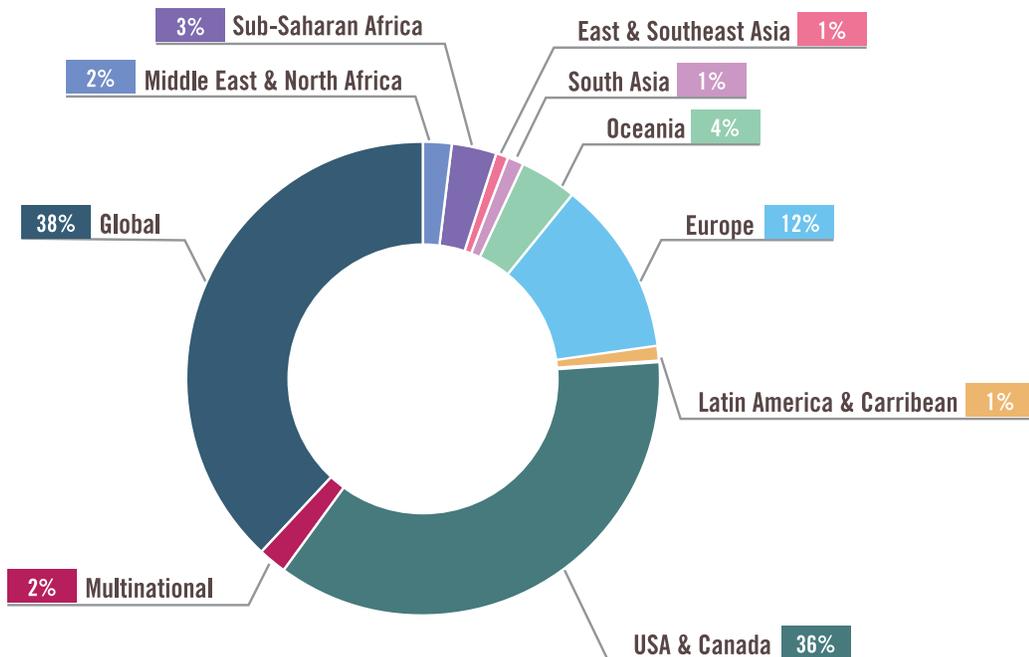


Understanding the Investor Home Bias

Center for Sustainable Finance and Private Wealth at the University of Zurich

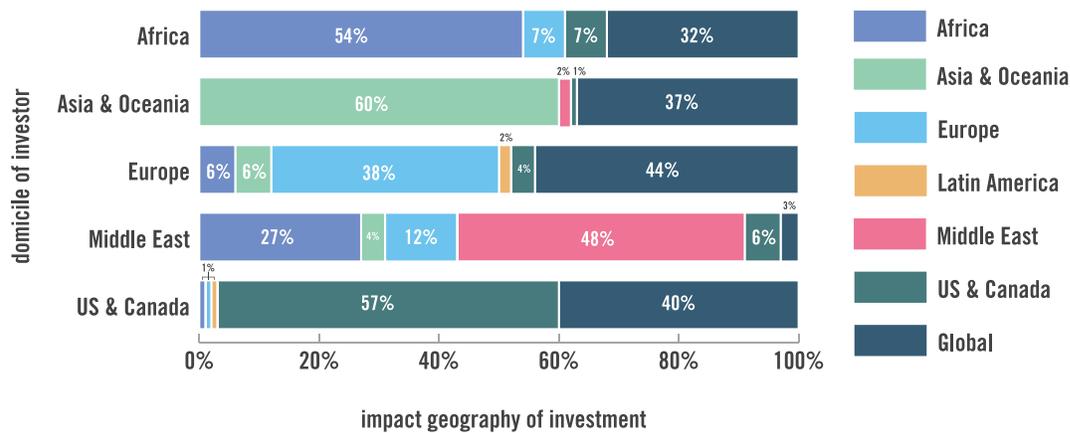
By predominantly investing locally, the respondents in this study are acting in accordance with the findings of previous reports on impact investors. According to the Global Impact Investing Network (GIIN)'s 2017 Annual Impact Investor Survey report,¹⁰ as in previous years, United States and Canada are a top geographic focus of impact investing. Impact investors tend to have this “investor home bias,” because oftentimes major regional differences exist that demand not only local expertise, but often also physical presence on site. Furthermore, some investors invest largely locally to help tackle domestic issues, while others invest where they see the greatest need (Nicholls et al. 2015). Moreover, according to the J.P. Morgan/GIIN report (2013), the U.S. and Canada belong to those regions with the most robust investment pipelines (Saltuk et al., 2013). Given that respondents were not explicitly asked why they invest in their chosen impact geographies, it cannot be verified whether the previously stated reasons for an “investor home bias” also apply to the survey sample; however, the likelihood of this still exists.

Figure 7: Aggregated Impact Geography of Investments



10 <https://thegiin.org/research/publication/annualsurvey2017>

Figure 8: Regional Investments by Investor Domicile



Investor type can also influence asset allocation and impact. Foundations have almost double the allocation to public equities and fixed income compared to the other participants in the study. High liquidity positioning may be a response to fiduciary constraints, corpus preservation, and/or the need for more flexible capital to be available for impact opportunities. Private equity is the most prominent asset class for investment companies and family offices.

Figure 9: Asset Allocations by Investor Type



When investor types are studied by portfolio subclasses, insights emerge regarding investment stage and impact categories. Investment companies and foundations have the highest percentage allocated to impact. Family offices and individuals have the lowest percentage allocated to impact in our study.

Note that the following asset subclass observations are paired with investment examples that can be found in the *Toniic Directory*.¹¹

For individuals, the main asset class is real assets, followed by public equity, private equity, and fixed income.

- Real assets include personal real estate (typically personal properties that are characterized as responsible) and investment real assets (e.g. Ecotrust Forest Management). Another real asset subclass is thematic investment real estate (e.g. OpenPath Investments).
- Public equities are mostly focused on sustainable blended and large cap investments, largely through sustainable mutual funds (e.g. Boston Common ESG Impact International Fund).
- Private equity is mostly focused on early-stage thematic investments.
- For fixed income, about two-thirds is invested in public debt and bonds across all impact categories (e.g. World Bank green bonds), and one-third is in private debt, mostly thematic.
- Individuals tend to hold a larger amount of cash and cash equivalents.

Foundations are mostly invested in public equities and fixed income.

- Public equities are typically sustainable blended, actively-managed, and large cap mutual funds (e.g. Pax Global Environmental Markets Fund).
- Three-quarters of fixed income is held in public debt and bonds, mostly thematic and sustainable (e.g. Access Capital Community Investment Fund, Community Capital Management). One-quarter is in thematic private debt.
- With regards to private equity, the investments are equally distributed between social enterprises serving the base of the pyramid (BoP), venture capital investments, and mature and large-stage investments.

Family offices are more heavily involved in private investments in real assets and private equity.

- Real assets are mostly focused on thematic real estate (e.g. Sonen Global Sustainable Real Assets Fund).
- Private equity typically focused on thematic early-stage investments.

Investment companies are heavily invested in private equity as well as public equities.

- In private equity, investment companies are mostly invested in thematic venture capital investments and mission-driven companies serving the BoP. Investment companies have the highest exposure to social enterprises serving the BoP (e.g. Big Issue Invest Social Enterprise Investment Fund 2, and Jibu).
- For public equities, the major asset subclass is small cap (e.g. Hannon Armstrong Sustainable Infrastructure Capital Inc), followed by mid cap, and finally large cap. Small cap are about 50% thematic, medium cap are about 30% thematic, and large cap are almost entirely sustainable.

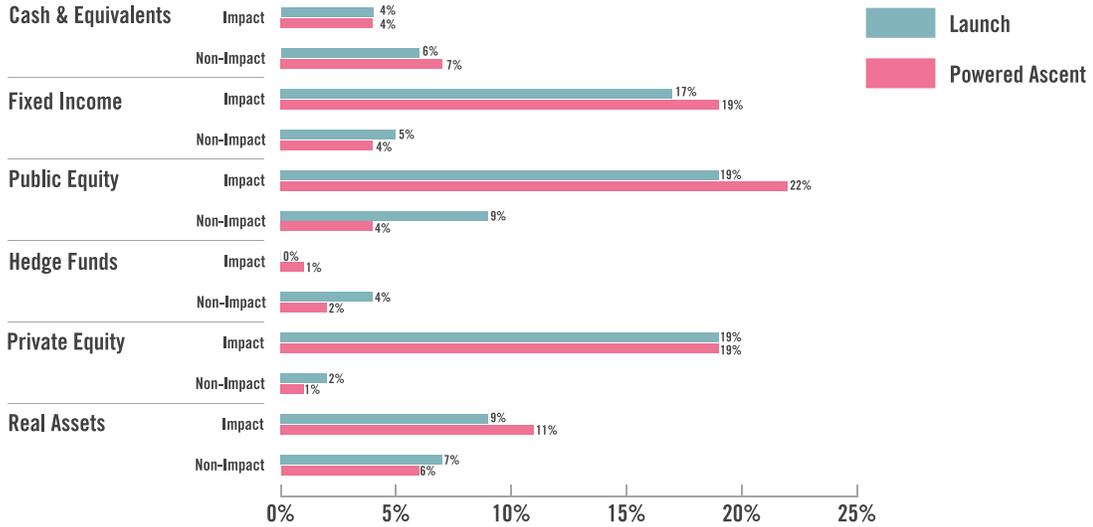
¹¹ <https://www.toniic.com/toniicd>



Comparing T100 Launch and T100 Powered Ascent Data

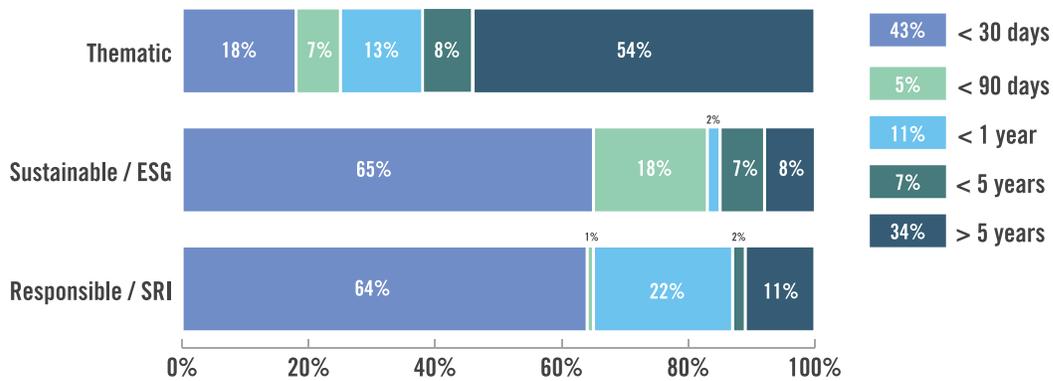
Comparing portfolio data provided by 42 respondents who participated both in the Launch report and this report shows that these portfolios have moved, on average, 9% more into impact, especially in thematic and sustainable/ESG investments. Non-impact assets have reduced in every asset class, except cash and cash equivalents, while impact allocations have increased in fixed income, public equity and real assets.

Figure 10: Year-over-year Impact Comparison by Asset Classes (42 portfolios)



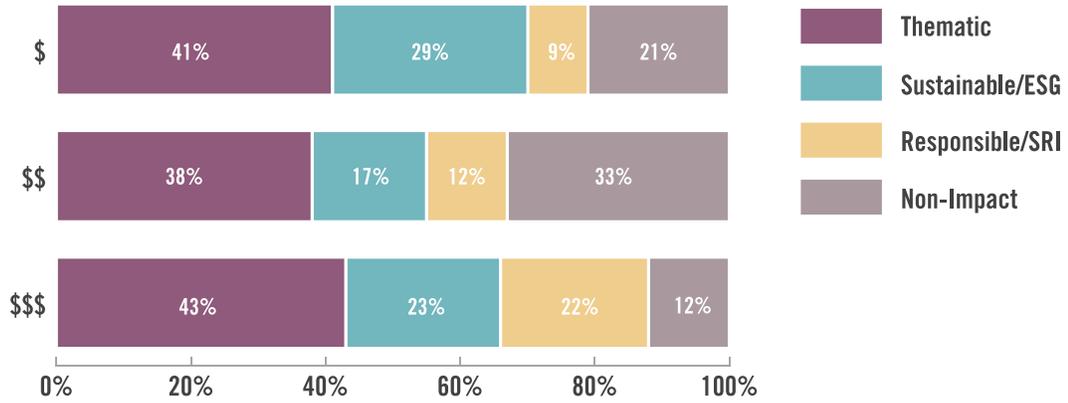
An analysis of the portfolios reveals overall high liquidity, with sustainable investments primarily liquid and thematic investments mostly illiquid.

Figure 11: Impact Categories by Liquidity (69 portfolios)



All portfolios, regardless of their size, continue to make progress toward 100% impact. The impact portion of single-digit, double-digit and triple-digit portfolios are close (79%, 67%, and 88% respectively) to reaching 100% impact.

Figure 12: Impact Categories by Portfolio Asset Size



\$: Single-digit million portfolios (\$1-<\$10M)
 \$\$: Double-digit million portfolios (\$10-<\$100M)
 \$\$\$: Triple-digit million portfolios (\$100M+)

how investors are moving to 100%

As impact investors move from broad to deep impact in their portfolios, the support systems they depend on—including friends, advisors, and impact networks—are learning, adapting and innovating to meet the challenge.

Impact Advisors and Consultants

Advisors and in-house staff assist over 65% of the respondents in reaching their impact goals.

Approximately half utilize full-service wealth or investment advisories and a third engage dedicated impact specialists.

Services that respondents are asking for from advisors include:

- Identification of and access to appropriate impact investments that align with the investor’s values;
- Due diligence and vetting of impact investment opportunities (direct deals and funds);
- Asset management—maintaining a balance of risk and return across the portfolio while moving towards 100% impact;
- Impact measurement and regular reporting; and
- Strategic coordination of philanthropy and investing—a “full asset allocation blended value approach.”

While **over 75% of the respondents utilizing advisors are somewhat to fully satisfied** with the level and quality of services, and over 75% would recommend their advisor to another Toniic member, 20% are not satisfied and are taking action as shared in the following section.

The Advisor Effect

When analyzing the *advisor effect* for respondents, we note that the portfolios of investors with advisors have a higher allocation to public equities and fixed income, as shown in Figure 13 below. As a result of this allocation, a sustainable/ESG approach is more common due to the lower availability of thematic investments in public markets. Respondents working with advisors who also participated in the Launch report have increased their impact investments from 61% to 71% year-over-year.

Figure 13: Impact Categories and Asset Classes with Advisors (31 portfolios)

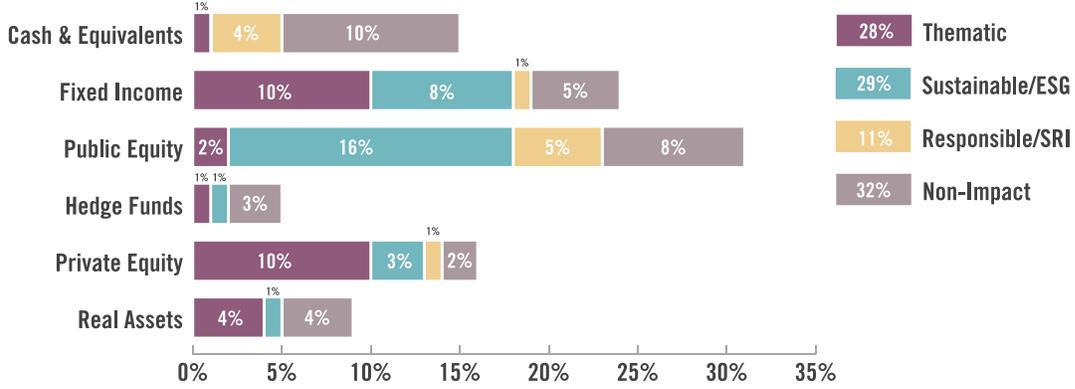
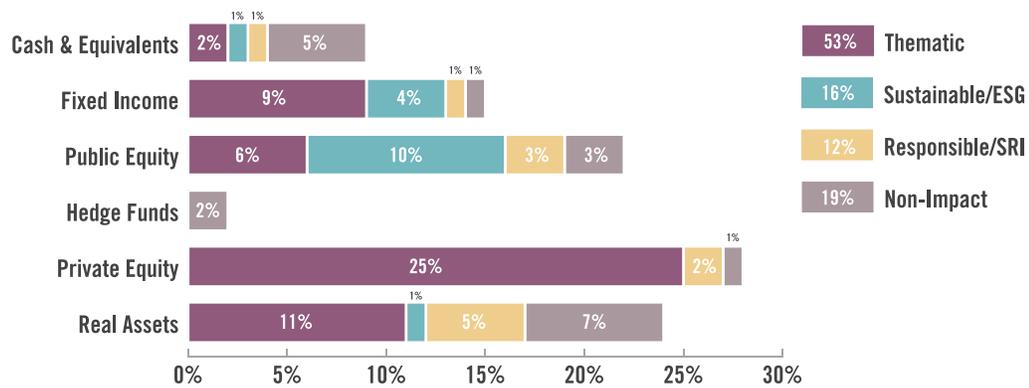


Figure 14: Impact Categories and Asset Classes without Advisors (21 portfolios)



Moritz Kortekangas, a 35-year-old staff member of the Imladris Family Office in Frankfurt, Germany, has a long-term working relationship with an asset manager. “Impact investing was somewhat new to them. We worked with them and we’re on a continuous path of making them, and us, better. They enjoy the process and we enjoy the process. For example, we get unique impact information from them and they can learn alongside us and pass on that knowledge to other customers. A win-win situation.”

Converting Advisors

Some Toniic respondents opt to work with their existing advisors hoping to influence them to adopt impact investing products and services. While this does not always work, when it does, there can be benefits.

With input from **Dr. Ruth Shaber**, the 57-year-old founder of the Tara Health Foundation, her investment advisors built an impact portfolio across asset classes that focuses on the health and well-being of women and girls. Ruth initially considered moving to an established impact advisory, but her determination to continue to work with her existing advisors resulted in several unexpected outcomes.

First, her advisors were able to leverage their work with Ruth with other clients of the firm. Then, the Tara Health Foundation’s investment in US Trust’s Women and Girls Equity Strategy led Bank of America to feature the foundation portfolio in its 2017 annual report. This validated the work of Ruth and her team and was an important signal to the financial industry that portfolio level impact in deep social issues is achievable.

Ruth shared the added value of learning alongside her advisors. “I’ve learned so much in a sector that I knew nothing about as recently as five years ago. I’ve gained confidence to be able to talk about money in a way that fits me and the way I solve problems, the way I think about philanthropy, and the way I think about really making change in the areas that need it.”

Changing Advisors

When New Belgium Brewery was sold to its employees, a portion of the proceeds was used to launch the US\$15 million New Belgium Family Foundation. **Kim Jordan**, the 59-year-old co-founder of this Colorado company, and her family wanted to ensure that their investment thesis was aligned with their values, which led them to explore transitioning to 100% impact. To achieve this, they hired an impact advisory firm and installed the first executive director of the foundation.

Four years later, Kim is reflective. “We acknowledge that getting to 100% is really difficult and requires patience.” With a better understanding of their service and product needs, a few changes needed to be made. As the founding director transitioned to graduate school, a new executive director with prior financial analyst experience was hired for the foundation. In addition, a new investment advisor aligned with the foundation’s high standards for balancing impact with returns was brought on board. Kim shares that the new advisor has been very helpful. “I feel like we’re getting a more solid sense of the overall framework. We want to be sure that we are taking the right risks and thinking about things differently.”

Eric Jacobsen, a 53-year-old private investor and tech entrepreneur from Park City, Utah, tried to work with a traditional wealth management firm. “When I talked to them about impact, they were interested and willing to be helpful, but to a certain extent, they were looking to me to tell them how to do it. I said, ‘I don’t know how to do this. I’m looking to you to help me do this.’ They didn’t have the ability to do that.”

Eric went through “the pain” of moving managers. “The pain was not so much the actual move of the assets, because the new advisor managed that, but it was the decision process to leave my long-term advisors who had served me well, and the effort to find the right firm. But I am happy with the new firm.”

“I found them through a recommendation in my network. I interviewed a bunch of firms, and would ask ‘Who are your competitors? If I don’t choose you, who should I choose?’ That was my launch into trying to figure out where I wanted to go. In my research at that time, about 4 years ago, I didn’t really find a ton of choices. I think there are more choices today.”

Challenging Advisors

After **John Raimondo**, a 74-year-old impact investor from Cape Town, South Africa, developed a draft portfolio strategy with his trustees, he engaged an impact consultant and the search for an asset manager began. “We went out for tender to different organizations and tried to get them to cover both the South African and the offshore portfolios for us. We found that there wasn’t somebody who covered both areas adequately. So, we focused first on the international portfolio.”

John’s consultant first suggested larger banks mainly focused on ESG investing. John did not feel this was a fit. He concedes that “I’ve gone along because of the financial side, but really, I don’t see enough on the impact side.” John’s consultant then suggested a smaller bank, a Swiss B Corporation, with the caveat that the consultant was a bit worried about recommending a small bank, but agreed that it sounded closer to what John was looking for. The bank focuses on more of a combined due diligence approach of individual companies, screening equally for impact and financial criteria. John and his trustees decided to appoint this bank to manage the international trust. “I’m very happy with the process we went through and its outcome.”

Advisor Fees

Respondents contract for services from advisors in a variety of ways dependent on their level of participation. One-third pay an annual or monthly retainer or consulting fee. Some respondents do their own due diligence on direct investments, thereby reducing their portfolio advisory fees. Some note that they choose to pay more for specialized services. In general, more than half of the respondents with advisors share that **they believe the fees they pay their advisors are on par with what they would pay to a traditional advisory.**

“Fees are only more expensive because I voluntarily engage an extra impact consultant to help with strategy and deal evaluation and sourcing.”

– Adam Bendell

The Network Effect

100%ers value the transparency, community, and counsel of their impact peers as critical to deepening their impact practice.

- Half of the respondents seek counsel from their network of colleagues and friends.
- All engage in three or more member networks, and some in as many as five to seven networks.¹² Examples of just a few of the over 40 organizations are Nexus, Investors' Circle, PYMWYMIC, GIIN, the Global Social Benefit Institute, ClearlySoAngels, SVN, Unreasonable Institute, Confluence Philanthropy, The ImPact, ANDE, EVPN and AVPN.

For example, **Suzanne Biegel**, a private impact investor from London, shares that she began investing in women entrepreneurs 17 years ago. “I started looking at companies whose products and services affected women, and I didn’t put a big strategy around it, I just started doing it. Then in 2009/2010, Joy Anderson of Criterion Institute, and Jackie VanderBrug of US Trust and I got together and said, **maybe we’re building a movement.**”

Pioneering impact investors must often build the support network they need. **Jack Meyercord**, a 45-year-old portfolio manager from Boston, shares that he sees more impact opportunities in early-stage, seed and direct investments today than when he started. “Maybe even too much opportunity. This is the result of having built a network and knowing the key players. When you look at direct deals, the due diligence hurdles are quite high. **Having a trusted network of affiliated investors who have similar interests with whom you can share due diligence is hard to come by.** I think we have the small beginnings of something that is starting to develop.”

When an investor is in a region without a strong impact community, connecting to a network in the same time zone can help get an impact investor started. **John Raimondo co-invested alongside a few PYMWYMIC¹³ members**, an active impact investor network in the Netherlands. His co-investors did the financial due diligence, and John focused more on the technology of the investee, enabling the investors to successfully pool their talents to invest.

¹² See the Appendix on page 57 for a list of member networks that respondents referenced.

¹³ <https://pymwymic.com/aboutus/>



The Value of the Toniic Member Network

Dr. David Risi, Post-Doctoral Fellow at Center for Sustainable Finance and Private Wealth at the University of Zurich (CSP)

The CSP conducted interviews with ten Toniic members in 2017 and 2018 to gain insight into the value of Toniic for its members. What they heard was an affirmation of the role that networks play in enabling their members to move forward on their impact investing goals. A representative from a grant-making private family foundation describes the value of the network as follows:

“A lot of the members of Toniic are people who have been doing this for many years and they have a lot of knowledge and experience of the sector. Connecting and learning from those members has been really pivotal for us. I would say we’ve been able to move from thinking about sustainable and impact investing to doing it in an acceptable way because of the network and connections through Toniic.”

An impact investment company shares the value that the spectrum of capital practice of the Toniic members brings to their portfolio work:

“I’d say thus far Toniic has been very useful in terms of our engagement with impact investing. I think it gives you the full spectrum from the 100%ers and individual investors to the more institutional investors. Because it gives you a spectrum it helps you find your place along that range.”

High Engagement

While not for everyone, some Toniic investors desire a high level of personal engagement in their investing. **Nidal Eses** likes to invest directly in businesses rather than follow a portfolio approach. He prefers investments that allow him to roll up his sleeves and engage with his investees. For Nidal, **investing is a combination of personal resources, capital, and a reciprocal relationship**. First, he evaluates whether the product or service of the target investees complements the other investments within his portfolio, and is aligned with his caring and sharing economy criteria. Then, he gets to know the entrepreneur through relationship building to determine if their joint values are aligned. He then agrees with the entrepreneur on a logical, well-founded valuation. Lastly, he determines with the entrepreneur how the impact will be measured.

Building the Ecosystem

In regions where impact investing is nascent, 100%ers are inspiring and influencing investors, investees, intermediaries, and government to build a vibrant impact investment ecosystem, deepen the range of available impact-generating products and develop an enabling regulatory environment. For pioneering regional impact investors, this presents a perfect opportunity to “link global to local” and leverage the resources of other impact networks to develop impact marketplaces in their backyards.

Doug Duckjun Lee, a 52-year-old private investor from South Korea, sees the challenge in Asia as twofold. “Asia has lost its sense of community and is paying a steep environmental price to be the world’s technology manufacturing leader.” Impact investing, in his opinion, is an attractive antidote.

How can impact investing become a lever to rebuild community in a country where investors believe that economic development is the responsibility of the state? To be successful, Doug is working across the ecosystem of investors, investees and intermediaries.

Doug sees impact investing as enabling the activation of the private sector, offering an opportunity for public-private partnerships, and redefining what it means to be a responsible citizen in East Asia.

Doug has hosted two East Asia impact investing conferences, and is launching a regional impact fund with the South Korean government as the anchor investor. He is actively seeking other partners in the region such as the Asian Venture Philanthropy Network¹⁴ and the RS Group¹⁵ in Hong Kong while growing the Toniic membership in South Korea.

The transformation has not been without its challenges. “Our society has not often seen a type of capitalism that can be harmonized with civic values or that aligns values with investment.” Doug is making progress in his quest using, in his words, “personal engagement and the sharing of my experience and journey.”

Sometimes it is not about building the ecosystem, but rather filling in the gaps. **Evita Zanuso**, the 40-year-old Financial Sector and Investor Engagement Director of Big Society Capital (BSC) in the United Kingdom, shares her strategy. Big Society Capital was funded six years ago from dormant bank accounts and investments from four United Kingdom banks. To address critical gaps in the emerging marketplace in the UK, Big Society Capital performs two roles. First, it engages investors, fund managers, charities and social enterprises to make it easier to take or make social investments. Second, it makes strategic investments in social investment products that have the potential to be catalytic either by bringing other investors to the market or to overcome persistent market failure. BSC aims to do this in a fully transparent manner by sharing both their failures and successes. Evita notes that “we feel that it’s important to learn from failure, and to understand how that can inform what we do next.”

14 <https://avpn.asia>

15 <http://report.rsgroup.asia>



jack meycord,
lorrie meycord
and jed emerson



ruth shaber



matt patsky with another
root capital board member



reproductive health
investors alliance event



james perry
and daniel brewer



josephine korijn, lital slavin,
suzanne biegl



impact investment group
event in australia



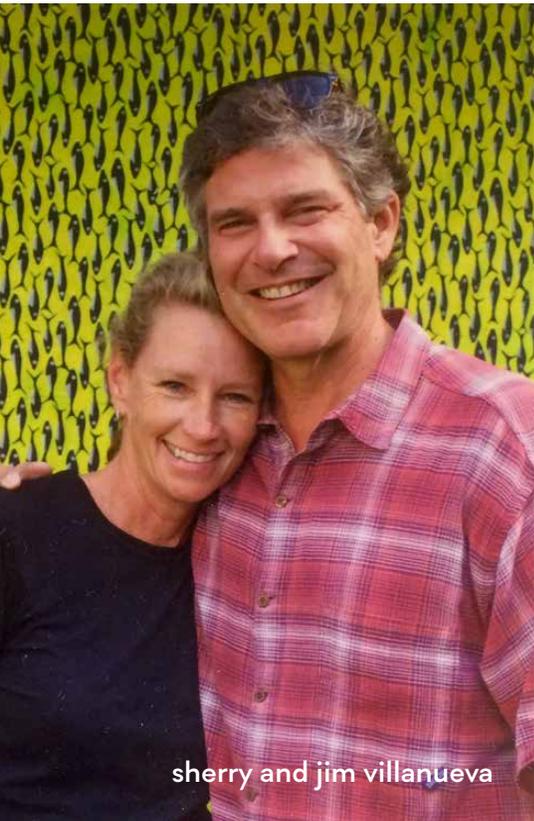
kim jordan



tara moss interviewed
by berry liberman



matt patsky and a member
of a coffee cooperative
in the peruvian andes



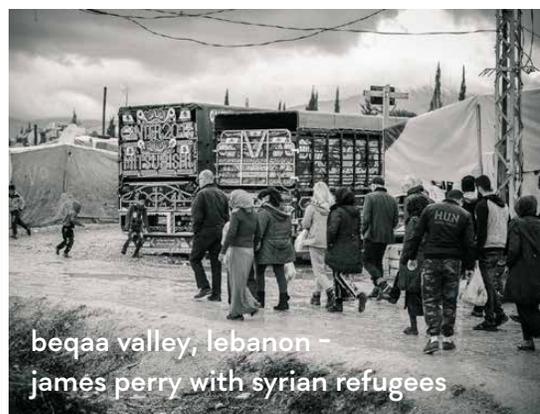
sherry and jim villanueva



doug lee (far right) visiting eneza education



suzanne biegel



beqaa valley, lebanon -
james perry with syrian refugees

a spectrum of capital

In their search for deep impact, impact investors are bumping into the bifurcated world of traditional finance and philanthropy. Many are pushing beyond these boundaries for the purpose of supporting the impact they seek. This requires resolving portfolio targets on an investment by investment basis with a spectrum of capital from grants to capital expecting commercial returns. As a result, **respondents are actively exploring “appropriate returns” for deeper impact in their portfolio strategy.**



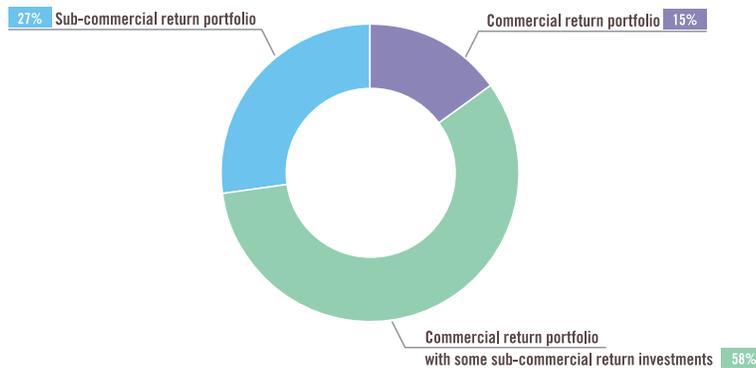
Does impact investing necessitate concessionary returns?

Adam Bendell, CEO, Tonic Institute

Few questions annoy impact investors more than whether impact investing necessitates concessionary returns. The reason the question annoys is that it conflates several variables. The data in this report provides a helpful way to disaggregate some of those variables.

We asked respondents if they are seeking a commercial rate of return for their portfolio. We also asked if they make any sub-commercial investments to achieve deeper impact. Put together, these questions yield the following distribution:

Figure 15: Spectrum of financial returns for whole portfolio and underlying investments



27% of respondents are targeting a sub-commercial rate portfolio overall. They are focused on the greatest possible impact and seek appropriate returns consistent with those impact goals.

At the other end of the spectrum, 15% of respondents are targeting a commercial rate or better portfolio overall, and make no sub-commercial investments in that portfolio.

In between those positions are the majority (58%) of respondents, who seek commercial rate or better returns for the portfolio overall, but make some sub-commercial investments to achieve greater impact. Lest the reader leap on the apparent contradiction (“how can you target commercial rate or better returns in a portfolio if you have any sub-commercial investments?”), bear in mind that this apparent contradiction is not unique to impact investors. Most traditional investors pick investments they think will “beat the market,” though of course in practice most do not.

What does this distribution tell us about impact investors? They tune their financial and impact return expectations to their unique constraints, and most are not monolithic across a portfolio but rather seek to achieve different impact and financial targets with different investments in different asset classes. This is no different than how careful traditional investors construct a portfolio, with the notable exception that impact investors take into account non-financial impact as an additional factor to balance. T100 participants tune their financial and impact return expectations to their particular goals and constraints. While 73% target commercial returns *at the portfolio level*, a total of 85%, as seen in Figure 15 above, make some sub-commercial investments within the portfolios to achieve deeper impact.

On average, 18% of the aggregated portfolio assets are intentionally targeting sub-commercial financial returns and/or higher risk for higher impact. Three-quarters of the respondents indicate they have a portfolio *carve out* for this purpose. The range of responses to this question varied widely, from 0% (not willing to deviate from commercial returns) to 100% (willing to take on more risk and risk-adjusted returns for higher impact).

Some respondents bristle at the idea of their returns being measured against the financial industry's benchmarks, claiming that investing with purpose should be about “appropriate returns.” **Matt Patsky** shares his perspective. “One of the big challenges we have with the movement of capital in impact investment is this perception that you can’t get market return. And what I keep saying to people is that it’s an intentionality issue. You can get market return. However, there are also a number of opportunities that require below-market return. There is a spectrum of capital needed in impact investing. It’s not an *either-or*, it’s actually *both*. And we need people to be able to recognize that there’s a spectrum, and not feel that they’re in conflict.”

Dr. Ruth Shaber is bringing the message of diverse capital solutions to the field of health care. “In my social sector of women’s health and reproductive health, sometimes the best philanthropic intentions have resulted in a distortion in the marketplace and caused unexpected negative consequences. You can’t solve all the problems with the same type of money. In fact, doing this prevents the development of a healthy and appropriate marketplace for products and services. Being able to bring a spectrum of capital with different impact and financial return expectations is going to bust things wide open.”

Evita Zanuso of Big Society Capital shares that “on a portfolio basis, we do have a target IRR¹⁶ of mid-single digits in terms of our portfolio return. On the individual investments that we make, the target return differs. We may make an investment that has a much lower expected return, but we feel it’s extremely impactful and can be really catalytic in terms of catalyzing new models and new ways of doing things. So, the investment committee would decide to do this investment and earn higher returns on a different investment.”

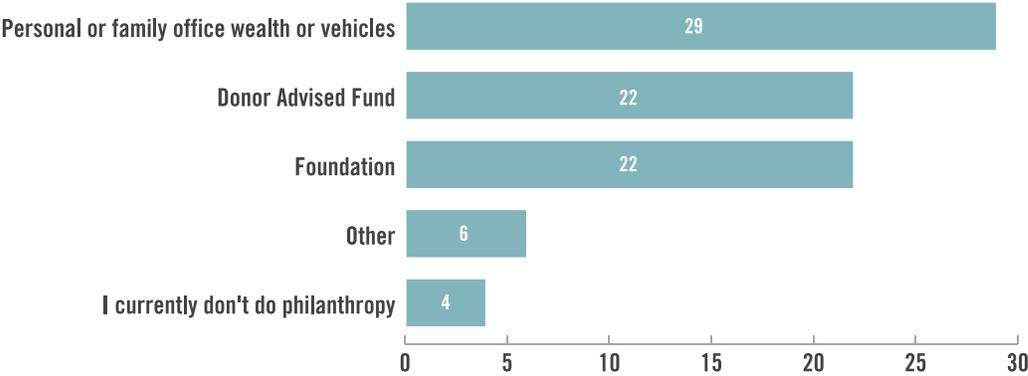
¹⁶ Internal rate of return (IRR) is a metric used in capital budgeting to estimate the profitability of potential investments. (Source: Investopedia)

philanthropy and impact investing

The coordination of philanthropy and impact investing is seen by respondents as an opportunity for developing new strategies to achieve their societal and/or environmental goals. It is therefore no surprise that the majority of respondents cite catalytic philanthropy and thematic investing as the two most powerful ways to achieve deep impact.

Respondents are using one or more entity (family office, donor advised funds or foundations) to achieve their philanthropic and impact investing goals.

Figure 16: Source of Philanthropic Capital for Respondents (multi-select question, 66 respondents)



In exploring the relationship between philanthropy and impact investing with 100%ers, we learned that:

- 82% use philanthropy to address issues and opportunities related to impact investing such as capacity building of investees or providing loan guarantees.
- 72% use philanthropy to support the impact ecosystem, such as funding research reports like the T100 series.

These findings suggest that impact investing is complementary to philanthropy and vice versa.

Figure 17: Targeted Usage of Philanthropy



Innovating with Philanthropic Partners

Respondents shared how they coordinate their philanthropy with their impact investing strategies. **Working with nonprofits in new and innovative ways** requires all stakeholders to think differently about how to solve societal challenges.

One example comes from Australia, which has a serious gambling problem. With over 169,000 slot machines (known colloquially as “pokies”) in the country, many Australians struggle with gambling addictions and associated health and financial problems. **Danny Almagor**, age 41, and his wife, **Berry Liberman**, age 39, are impact investors on a mission to change this phenomenon.

Rather than granting to nonprofit addiction counseling services, Danny and Berry targeted a strategic real estate investment with the hopes of making a much bigger impact. After their Melbourne-based impact investment group purchased the Byron Bay Beach Hotel, home to an iconic Australian pub, they removed the slot machines.

To gauge community and customer support for this unusual move, Danny provided a grant to a well-known addiction counseling nonprofit to survey the community. Over 80% of the respondents reported that they support the removal of the slot machines. For Berry and Danny, the journey to transform this property into a place that benefits the community has just begun. Through their efforts, Danny and Berry have won many new friends as well as received a large amount of free local and national media coverage on their impact objectives.

Nidal Eses sees philanthropy and impact investing as “sides of the same coin.” Nidal believes that philanthropy and impact investing should work together to provide “sustainable empowerment to those whom it serves to care for themselves. Handouts, if given to capable workers, can create a culture of reliance and entitlement.” Nidal brings this philosophy to his philanthropic work in Jordan, even though, as he shared, it can often be an uphill battle with non-profits accustomed to a more paternalistic approach.

Coordinating Impact Strategies Across Multiple Investment Vehicles

Eric Jacobsen leverages his foundation investments in concert with a larger asset management strategy to serve his impact and liquidity objectives. After moving from a traditional wealth management firm to an impact advisory a few years ago, Eric focused first on moving his personal assets into impact with specific liquidity requirements built into the asset allocation strategy. He then re-crafted his family foundation’s mission and purpose to allow mission-aligned and program-related investments. Eric makes the majority of his direct impact investments in his foundation with investments he identifies through Gratitude Railroad,¹⁷ an impact investing community he co-founded.

Aligning Business Philosophies with a Grant and Investment Strategies

The New Belgium Family Foundation in Colorado seeks both philanthropic and investment opportunities in climate, sustainable food systems, and livable and walkable communities. The Foundation’s philanthropy is generally focused on the western United States, specifically on resource scarcity challenges and sustainable communities.

In alignment with Kim Jordan’s business values, as the co-founder of the foundation, New Belgium Family Foundation seeks out grant and investment opportunities with nonprofits and social enterprise with employee ownership strategies or companies with a social justice aspect connected to their relationship with their co-workers.

¹⁷ <https://gratituderailroad.com/>

For example, the foundation placed a small program-related investment with California FarmLink¹⁸ with the desire to provide debt capital for migrant farm workers. Kitchen Table Advisors¹⁹ and La Cocina²⁰ in San Francisco, California, both providing capacity building services, are part of the foundation's grant portfolio. In addition, the foundation has provided debt capital for farms in the Pacific Northwest and a couple of community-based farm/market groups in Denver, Colorado.

The **Tara Health Foundation** of San Francisco recently examined the process they use to select grant and investment opportunities. They realized that the criteria they used for grants and investments, while similar, were not the same. They asked themselves, "Why are we more willing to give away a million dollars as a grant to an enterprise without looking closely at how they are running their company? And, why did we agonize over a US\$100,000 equity investment, subjecting the investee and ourselves to three months of deep due diligence?"

The foundation agreed to use the same criteria for all investments and grants—to apply more pressure around its mission and execution, and to streamline how its staff evaluates every deal. The new approach scared some of their potential grantees and pointed to the need for targeted capacity building of their investees.

From the 100%ers...

"We donate to causes that align with the values and goals of our impact investment portfolio."

– Jim Villanueva

"I determine issue areas first, then seek investable opportunities within those areas. If the investment is investable with an acceptable risk/return profile, I invest. If not, and I see there is a case for catalytic granting, I grant."

– Adam Bendell

"Much of our philanthropy is focused on creating the conditions for communities to develop capacity to generate quality impact investing opportunities in addition to philanthropic opportunities."

– Carl Palmer

"I have invested both equity and capacity-building grants in some early-stage organizations—but always in the spirit of 'venture philanthropy.'"

– Hedda Pahlson-Moller

"My experience with venture philanthropy has included helping a social enterprise in Cambodia graduate from grants, to repayable grants, and finally to commercial loans."

– Paolo Fresia

18 <http://www.farmlandinfo.org/california-farmlink>

19 <http://www.kitchentableadvisors.org/>

20 <https://www.lacocinasf.org/>

managing and measuring for impact

Impact investors, investees and intermediaries are searching for meaningful and easy ways to manage, measure and communicate the impact of their investments. While the search is far from over, there are several promising developments.

The following section shares how respondents are moving from intention to action, adopting and innovating in the measurement and management of their impact portfolios.

Measuring impact

In the Launch report, most of the respondents surveyed shared that measurement was a “work in progress.” A year later, while the message is the same, there is indeed progress.

More respondents are measuring.

- Over 60% engage in some form of measurement compared to 38% a year ago, a significant increase.
- For respondents not measuring now, almost all expect to be measuring within 3 years.
- Impact targets are mostly set on an investment-by-investment basis as portfolios span various sectors and rarely the same targets can apply across an entire portfolio.

The respondents who are measuring seem united in their purpose—to measure in order to better understand, manage, and improve their investees’ impact.

Measuring impact tends to be a “hands on” process for most respondents with only one in seven fully outsourcing their impact measurement to external consultants.

Family offices, foundations and triple-digit asset owners are seen as leading the way. Family offices and foundations are more rigorous with setting and managing impact targets with their investees. Family offices and triple-digit asset owners are measuring more consistently than their impact peers. **Respondents see Tonic and foundations as valuable conduits to facilitate more active and consistent measurement.**

“We are able to get metrics and evaluation for some impact investments. Some impact isn’t quantifiable. But Tonic helps by introducing more cogent/comprehensive evaluation services/options; and by promoting common standards for evaluating and reporting.”

– Alison Carlson

Almost **90% of the respondents shared that their investees are somewhat or actively involved in setting impact targets.** This is encouraging, indicating a shift from an *investor-led* process to an *investee/investor* collaborative process.

Respondents find a combination of key performance indicators, qualitative measures (case studies and storytelling), and a relevant, well-articulated Theory of Change (ToC)²¹ most beneficial. 40% of the respondents either have a ToC at the portfolio level or individually for most of their investments.

“An example of an investment-level ToC I’ve recently used is: INPUT: energy storage is needed to: OUTPUT: smooth out electricity consumption so that: OUTCOME: grid operators can transition from fossil fuels to renewable energy, which leads to: IMPACT: climate change mitigation.”

– Paolo Fresia

Impact Measurement Challenges and Solutions

Challenges Remain

The collection of quality impact data. Collecting quality data, identifying appropriate impact metrics and targets, and interpreting the data for decision-making purposes is a work in progress.

Matt Patsky shared that he came to the metrics question from an econometric background. “I love the idea of measuring. It would be great if we could measure everything. However, there are some things that are easy to measure that are just not that meaningful. And there are some things that are very meaningful that are really hard to measure. For example, how do I quantitatively measure the impact of diversity on the lives of the employees?”

Measuring unintended consequences or negative impact. Of those who are measuring, half are measuring the negative impact for some investments and half are only measuring the positive impact of their portfolio. Most remarked that measuring negative as well as positive impact is difficult. One-third stated that their investments are having a net positive impact.

Solutions are Emerging

Some respondents are working with their fund managers and investees to create a method of reporting that works for all parties.

For **Moritz Kortekangas** of the Imladris Family Office in Germany, each asset class requires a different measurement approach. For public equity investments, they dig deep in the impact criteria list. “When we talk to asset managers we ask several follow-on questions, like whether impact or sustainable investing is evidenced and incorporated across their investment process. We ask them how they are auditing the impact data. Are they working with multiple data providers? Do they have their own analysts? How do they monitor their analyst work? Do they have an advisory board that holds them accountable to an agreed upon list of standards?”

For direct investments, Moritz and the team start with the management team. “We ask management what they think is important to them. Sometimes we look at IRIS metrics. We think it is better to keep impact metrics and targets very simple and not take too much time away from management’s focus on growing their business and creating impact. Usually we decide on two to three metrics for them to report on. Most of the time, impact is a part of the business model.”

Respondents, like **James Perry**, the 45-year-old CEO of the Panahpur Foundation²² in the United Kingdom, are borrowing methods from other sources.

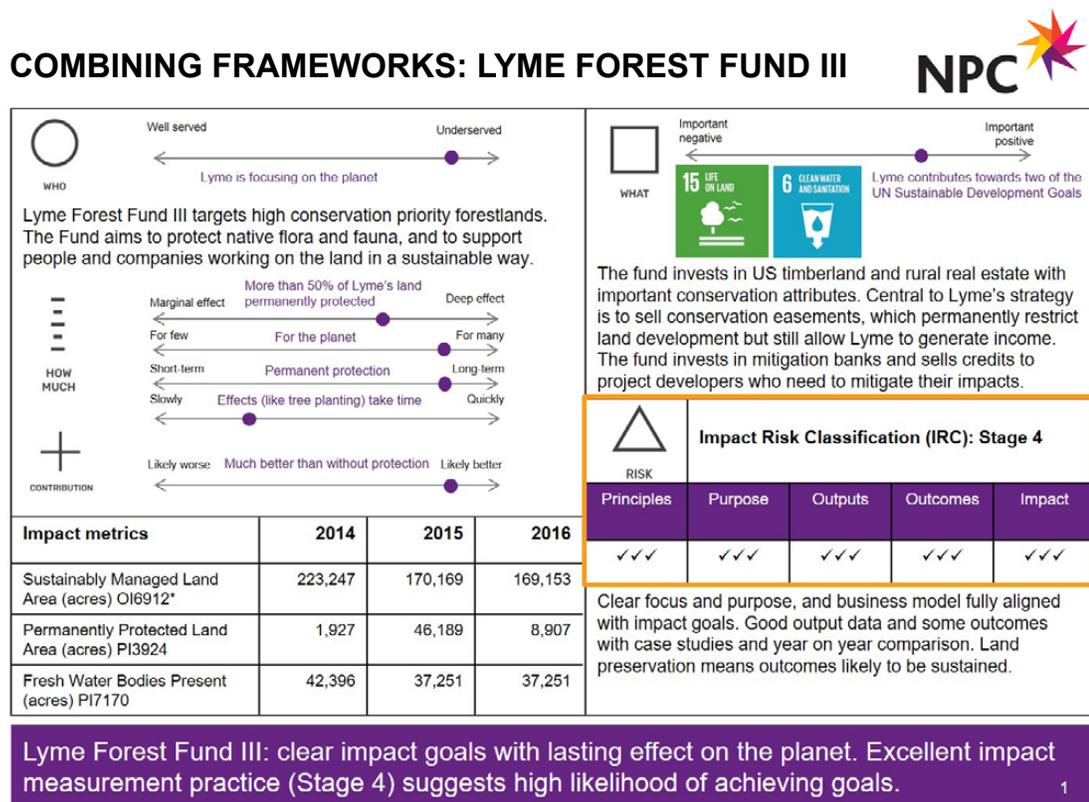
²¹ A Theory of Change defines long-term social or environmental goals and then maps backward to identify necessary preconditions.

²² <https://www.civilsociety.co.uk/voices/why-we-invest-our-endowment-100-per-cent-socially.html>

Panahpur Foundation designed its 100% impact approach based on the work of the Access Foundation.²³ “In terms of impact, we are using the UN Sustainable Development Goals (SDGs) as a lens. **We use a bullseye: we’re constantly calculating how much of our capital is in the center of the bullseye.** The center of the bullseye represents an exceptional impact record, with strong and consistent mission and outcomes. The next circle out is intentional, scalable, measurable and deliverable outcomes. And then towards the outer ring it’s ‘ESG leaders,’ which report impact. The outermost ring represents ‘no consideration, or evidence of impact.’ At the moment, we have 0% of our capital in the outside ring, and about 28% in the two central rings. Our goal is to get as much as possible to the center.”

Many of the respondents who are measuring are utilizing off-the-shelf and/or bespoke impact measurement approaches. **The RS Group**²⁴ in Hong Kong captures the target impact part of its portfolio based on a variety of metric measurement frameworks that are readily available and reported by its investees on an overall portfolio level and by asset class. **KL Felicitas Foundation** in the United States combines two readily available measurement frameworks (the SDGs and the IRIS²⁵ taxonomy), plus a framework in development (The Impact Management Project²⁶) and the proprietary Impact Risk Classification (IRC) from New Philanthropy Capital²⁷ in its recently released report.²⁸ The objective of this analysis is to measure the likelihood that an investee will achieve the investments’ intended impact. The IRC can also be used to set impact expectations and to monitor impact over time. Figure 18 below, using Lyme Forest Fund III as an example, demonstrates how the combination of off-the-shelf and bespoke measurement approaches can help assess an investee’s impact potential.

Figure 18: KL Felictas Foundation Impact Risk Assessment



23 <https://access-socialinvestment.org.uk>
 24 <http://report.rsgroup.asia/investment-performance/>
 25 <https://iris.thegiin.org>
 26 <http://www.impactmanagementproject.com>
 27 <https://www.thinknpc.org/publications/assessing-the-impact-practices-of-impact-investments/>
 28 <https://http://klfelicitasfoundation.org>

impact frameworks and tools

While institutional investors have more readily adopted IRIS, private investors continue to experiment with multiple frameworks. A few of these frameworks are being integrated into online tools such as the open source Toniic Portfolio Tool²⁹ that can help impact investors with impact analysis and portfolio strategy.

An Impact Lens

A number of respondents are using either a self-defined or a community-defined “lens” as an overlay to drive their impact strategies and portfolio investment decisions. A lens typically reflects the key target outcome that is important to the investor, and consists of criteria and/or principles that can be used as a checklist for due diligence and to set impact and financial goals with the investee. Most lenses can be applied across sectors and across asset classes.

For example, Suzanne Biegel applies a *gender lens*³⁰ to her investment strategy and due diligence process to manage her portfolio gender impact. The RS Group in Hong Kong uses a *climate lens* across their portfolio. Ditte Lysgaard Vind applies *circular economy* principles to her investing and consulting practice, The Circular Way,³¹ advising businesses on circular economy principles to increase their competitive advantage. Nidal Eses, Eric Rassman, and Talia Arnow use the principles of the *caring economy*,³² an economy in which genuine caring for people and nature is the top priority, to inform their investment choices. Lorrie Meyercord describes how her desire to invest in the arts was in part realized through Laura Callanan’s *creative economy*³³ lens. A number of respondents invest in the *sharing economy*, a term coined in 2008 to describe “sharing” business models such as peer-to-peer lending, ridesharing, and co-working.

As the impact marketplace seeks to consolidate definitions of impact for the purposes of easier management and comparison, impact investors will most likely continue to create or adopt alternative ways, like the impact lens, to articulate their impact intentions.

The United Nations Sustainable Development Goals (SDGs)

In 2015, under the guidance of the United Nations, all 193 member countries adopted a set of goals to end poverty, protect the planet, and ensure prosperity for all as part of a new sustainable development agenda. These are the Sustainable Development Goals (SDGs), and each goal specifies a set of targets (UN SDGs Targets) to be achieved before 2030. The goals are also known as Transforming our world: the 2030 Agenda for Sustainable Development.

In the past three years, an increasing number of impact investors have adopted the SDGs as an impact framework.



- Adopted by the United Nations in 2015
- 17 planetwide aspirational goals for 2030
- 169 specific targets

29 <https://www.toniic.com/t100/impact-portfolio-tool/>

30 <http://www.womeneffect.com/what-is-gender-lens-investing>

31 ditte-lysgaardvind.squarespace.com

32 <https://www.weforum.org/agenda/2015/01/how-to-build-a-caring-economy>

33 <http://philanthropynewsdigest.org/newsmakers/laura-callanan-founding-partner-upstart-co-lab-catalyzing-impact-investments-in-the-creative-economy>

Toniic SDG Impact Theme Framework

In an effort to align the impact objectives of the respondents with the impact industry, **Toniic worked together with its members and other industry players to consolidate members' impact themes (over 66 impact themes are used by Toniic members) into the 17 UN Sustainable Development Goals**, shown in Figure 19 below and outlined in the Toniic SDG Impact Theme Framework.

The objective of the Toniic SDG Impact Theme Framework is to use impact themes to help impact investors link a Sustainable Development Goal with their investments. When mapping their portfolios with the Toniic Impact Portfolio Tool, Toniic members have the option to select one to three SDGs and Toniic impact themes for each impact investment. In addition, Toniic members can track the underlying impact for each investment using the UN SDGs targets as a proxy for the outcomes³⁴ of the investment, and IRIS metrics as an output proxy indicator.³⁵ IRIS indicators are among the most widely accepted standards to measure impact in private impact investments. Toniic has mapped the IRIS indicators with the Sustainable Development Goals in the Toniic SDG Impact Theme Framework and the Toniic Impact Portfolio Tool.



Figure 19: Toniic Sustainable Development Goals Impact Theme Framework

The Toniic SDG Impact Theme Framework³⁶ maps impact themes

commonly invested in by impact investors to the SDGs. The framework also connects the Sustainable Development Goals and impact themes with a pre-selection of impact metrics to facilitate the measurement of the social and environmental impacts of the investments.

Josephine Korijn says “The Toniic

Portfolio Tool is a great start, especially the SDG framework. This has helped us find the right metrics and start actively measuring and managing impact.”

While 99% of the respondents associate an SDG and impact theme with their thematic investments in this study, not all members feel comfortable using the SDGs to articulate and systematize their impact investment strategy. Some investors prefer to look at solutions to social and environmental problems through an interconnected and holistic approach, and believe the SDGs tend to conflate social issues, or focus too much on a goal rather than how that goal is reached. For example, achieving SDG 2 Zero Hunger could be done in different ways, and as a paradox could even be achieved through an excessive focus on industrial farming and junk food.

Despite these concerns at the investment strategy level, members are enthusiastic about the SDGs' explanatory power and the potential it has to unite the public sector, companies, and investors around a shared language and common set of issues. **Ben Krasnostein**, an Australian senior legal professional and impact investor, shares that he uses “the following methods to measure the impact of my portfolio: a combination of SDG and other specific land use metrics relevant to agricultural assets.”

SUSTAINABLE DEVELOPMENT GOALS IMPACT THEME FRAMEWORK V1.1



U.N. PRIMARY SDG	TONIIC IMPACT THEME	U.N. ADDITIONAL SDGs
1 End poverty in all its forms everywhere	Access to basic goods and services (p.4)	8
	Financial inclusion (p.4) [Affordable housing - See SDG 11] [Small holder farmers - see SDG 2]	9, 17
2 End hunger, improve nutrition, and promote sustainable agriculture	Food security (p.4)	3, 4
	Food waste (p.4)	12
	Healthy food (p.4)	3
	Small holder farmers (p.5) Sustainable agriculture (p.5)	1 15
3 Ensure healthy lives and promote well-being for all at all ages	Access to healthcare (p.5)	1
	Ageing (p.5)	10
	Maternal and reproductive health (p.6)	5
	Mental health (p.6)	
	Disease prevention and response (p.6)	
	Fitness and wellbeing (p.6) Biotechnology (p.6)	

34 Outcomes, or short-term outcomes, are defined by New Philanthropy Capital in “Creating your Theory of Change: NPC’s practical guide” as “The short-term changes, benefits, learning or other effects that result from what a project or organisation does. These short-term steps will contribute to a final goal and may include changes in users’ knowledge, skills, attitudes, and behaviour. A useful way to think about intermediate outcomes is the outcomes achieved after the project—what service users take away from it.”

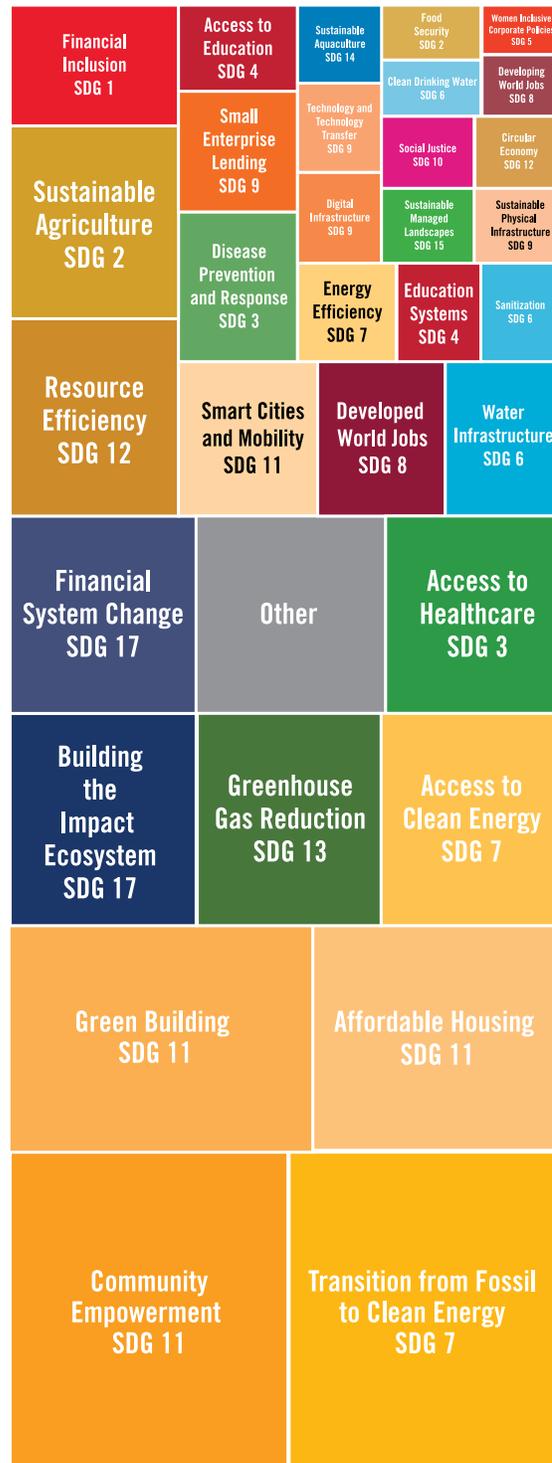
35 Outputs are defined by New Philanthropy Capital in “Creating your theory of change: NPC’s practical guide” as “Products, services or facilities that result from an organisation or project’s activities. These are often expressed quantitatively; for example, number of users, how many sessions they receive and the amount of contact they had with a project.”

36 See full copy in the Appendix. Download at <http://www.toniic.com/sdg-framework-3/>

SDG Impact Themes

The following figure shows, on a weighted basis, the most prevalent impact themes in the portfolios in our study alongside the SDG that expresses that theme. For example, the main theme in the analyzed portfolios, community empowerment, is matched to the SDG 11 Sustainable Cities and Communities. This comparison demonstrates that the SDGs are generally aligned with the impact themes used in the T100 Launch report.

Figure 20: Aggregated Impact Themes and SDGs on a Weighted Basis



Survey Respondents' Top Three SDGs

While all SDGs are represented to some extent in the aggregated portfolios of the respondents, three SDGs make up over 50% (as in Figure 21 on page 36) of the reported impact goals:

- **SDG 11 Sustainable Cities and Communities (29%)**
- **SDG 7 Affordable and Clean Energy (17%)**
- **SDG 17 Partnerships for the Goals (9%)**



SDG 11: Top Sector Focus For Impact Investors

Center for Sustainable Finance and Private Wealth at the University of Zurich

By predominantly aligning their portfolios with SDG 11 Sustainable Cities and Communities, the investors in this study are acting in accord with findings of the J. P. Morgan/GIIN report (2013), according to which affordable urban housing, a key component of SDG 11, is a top sector focus of impact investors. Moreover, affordable urban housing is predicted to be a highly significant impact sector over the next decade (Nicholls et al. 2015).

In terms of capital deployed, **SDG 11 Sustainable Cities and Communities has the largest allocation of capital across the aggregated portfolios.** Under the SDG 11 label, portfolios are expressing multiple themes. Community empowerment (main theme) typically takes the form of community lending in fixed income or real assets fostering local communities. Affordable housing and green building are usually found in real assets. Smart cities and mobility typically take the form of early-stage investments in private equity. **Note that there are no public equity investments in SDG 11 in the respondent portfolios.**

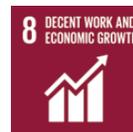


Investing in Community

Primary SDG:



Secondary SDGs:



SDG Theme: Community Empowerment

Sherry and Jim Villanueva, 56 and 55 years old, respectively, live in Carpinteria, a rural community near Santa Barbara, California. They are active impact portfolio investors in SDG 11 Sustainable Cities and Communities as well as full-time managers in two community enterprises.

In 2011, Sherry and Jim joined 45 other investors to fund the creation of seven food and beverage businesses in Santa Barbara County, in a complex anchored by the **Lark Restaurant**. These businesses transformed a rundown section of Santa Barbara resulting in the creation of 260 jobs for the community. As the managing partner, Sherry's Theory of Change is that a food and beverage hub, with the right intentions and culture, can be a source of healing, community, and resilience for Santa Barbara.

Jim is the managing director of the **Global Partnerships/Eleos Social Venture Fund** (listed in the *Toniic Directory*). He believes that if early-stage enterprise in East Africa can be supported with blended capital models and technical assistance, opportunities can be created for the citizens of East Africa to lift themselves out of poverty. Coming from the private equity world, Jim shares that while living and working in South America he "got a real sobering view of what life for families living in extreme poverty looks like." His work in East Africa allows him to invest his skill in a more personally aligned way by helping communities out of poverty.

In January 2018, fire and then mudslides devastated Sherry and Jim's community. The economic impact was extraordinary, but also revealing. "I've never felt more proud and more alive to be at the center of our community. We became the kitchen, dining room, and living room for thousands of people when they had nowhere else to go, where we could provide them with food, comfort, sustenance, and community. What was amazing to witness was how we were also able to mobilize our resources from a place of weakness." While the economic recovery will take about a year, the benefits of community empowerment through sustainable job creation are being realized now.

SDG 7 Affordable and Clean Energy has the 2nd largest allocation. The main theme is the transition from fossil fuels to clean energy, and refers to investments in companies providing products and services for this transition. These investments can be found in multiple asset classes such as private equity, public equity, and fixed income.

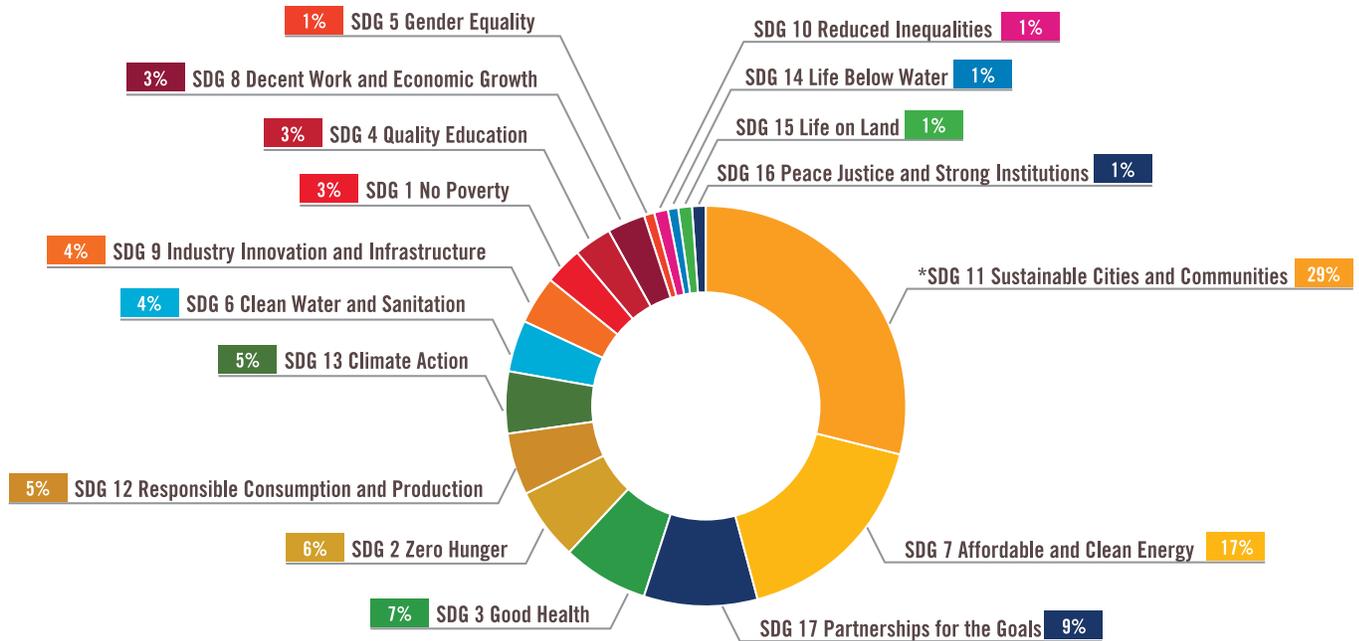
Access to clean energy is the second most referenced theme, referring to companies providing access to renewables, including off-grid solutions in frontier markets to reach underserved customers at a faster and cheaper rate than the traditional energy infrastructure. There is an abundance of investment options in this theme, primarily in private equity and debt, both in direct investments and funds, that are providing growth and working capital to companies offering off-grid energy solutions.

SDG 17 Partnerships for the Goals has the 3rd largest allocation. It is divided almost equally between **two themes—building the impact ecosystem and financial system change**. The former, building the impact ecosystem, is concentrated in private equity investments supporting social enterprises such as accelerators, seed stage funds, co-working spaces, and capacity building initiatives. The latter, financial system change, is mostly in fixed income and private equity investments, and targets financial intermediaries focusing on impact capacity building, products, and service innovations.

The Interconnected Nature of SDGs

Using SDG 11 Sustainable Cities and Communities as an example, Figure 21 demonstrates how investments associated with a primary SDG are linked through secondary SDGs to a broader set of goals. The SDG pie chart below shows the relative percentage of invested capital deployed towards the primary SDG associated with each investment in our study. Because systemic challenges require integrated solutions, impact investments often, therefore, relate to more than one SDG as shown at the bottom of Figure 21.

Figure 21: Average Allocation of Primary SDGs in Surveyed Portfolios



*Secondary SDGs Associated with SDG 11 in Surveyed Portfolios

Smart cities and mobility	9%
Green building	30%
Affordable housing	24%
Community empowerment	37%

Smart Cities' investments are typically based on sharing economy and mobility (SDG 12), and lower carbon emissions (SDG 13).

Green building investments focus on achieving lower carbon emissions (SDG 13) through the use of more efficient and renewable materials in construction. Green building also utilizes efficient water (SFG 6) and energy technology (SDG 7) and waste management systems (SDG 12).

Affordable housing is one way investors address poverty with real estate investments (SDG 1). While affordable housing is typically associated with SDG 11, Tonic members often invest in affordable housing for the purpose of providing solutions for low-income communities.

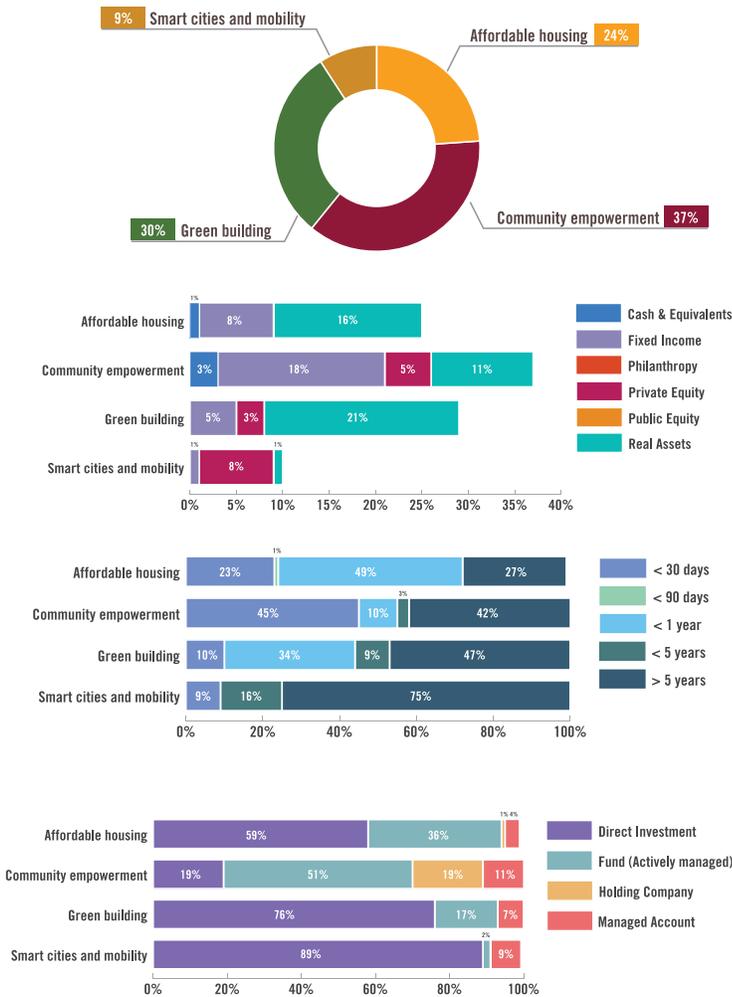
Community empowerment investments take various forms, with the common goal to strengthen local communities. Often these investments are structured as community lending and promote access to financing for local small enterprises (SDG 9) through community banks or other lender intermediaries as well as promoting sustainable local jobs and economic growth (SDG 8).



Solving for Portfolio Design: Multi-dimensional Analysis with the SDGs

SDG reporting combined with data on liquidity, returns, and geographies can create a dashboard that can help investors solve for portfolio and impact design challenges. Using the dashboard pictured below, an investor looking for more liquid options in the SDG11 Sustainable Cities and Communities sector might choose affordable housing over investments in Smart Cities and Mobility. If an investor is interested in addressing homelessness, they will see that the options represented in this analysis tend to be limited to private equity direct investments, are generally illiquid, and have a commercial return expectation.

Figure 22: Dashboard Analysis of SDG 11 Sustainable Cities and Communities



The charts on the left show the asset classes and related impact themes that are represented by the investments in this study that were categorized as delivering on the SDG 11 goals.

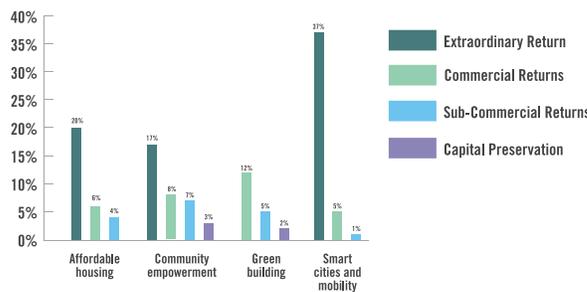
- Community empowerment is typically expressed through fixed income investments in community lending
- Affordable housing and green building themes are typically found in real assets
- Smart Cities and Mobility are themes typically found in private equity investments

The chart on the left shows that of the four impact themes above, community empowerment is the most liquid.

The chart on the left shows the types of investment entities found in the four impact themes.

- Private equity makes up the majority of investment entities in affordable housing and green building.
- Community empowerment is typically expressed in actively managed funds.

Average expected returns across the expected returns spectrum



The chart on the left demonstrates the spectrum of expected returns in each of the four impact themes.

- Smart Cities and Mobility, and Affordable Housing are both targeting extraordinary returns with some commercial and sub-commercial expected returns.

Establishing Impact Targets and Indicators

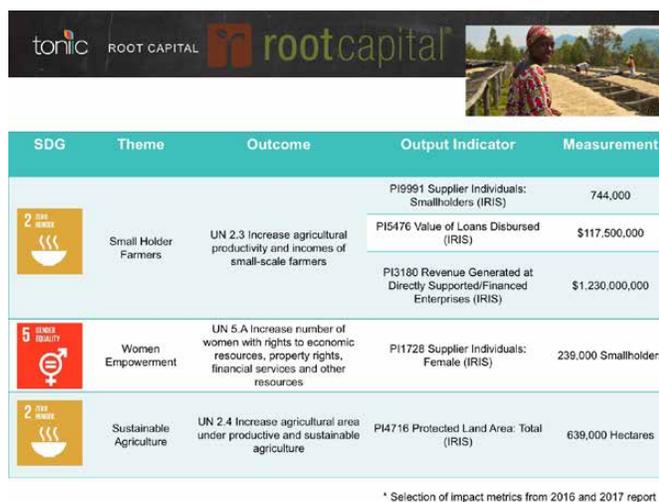
The United Nations has established a set of 169 aspirational *targets* for each SDG to be reached by the year 2030. In addition to these targets, the SDGs also have an associated set of one to three *indicators*³⁷ to track progress against these targets. While the targets are often applicable to impact investments, the indicators tend to be more related to public interventions (often measured at a demographic level).

For this reason, in the Toniic Portfolio Tool, UN SDG targets have been kept as a proxy for outcomes in impact measurement, and the indicators have been replaced by IRIS taxonomy. The IRIS taxonomy represents generally accepted impact performance standards in impact investing.³⁸ Toniic has mapped IRIS taxonomy with the Sustainable Development Goals in the Toniic SDG Impact Theme Framework and the Toniic Impact Portfolio Tool.

For Toniic members who decide to track the impact of their portfolio through the Toniic Portfolio Tool, Toniic works directly with the investees (such as entrepreneurs and fund managers) to select the appropriate impact metrics for impact performance reporting.

Figure 23 below shows how the Toniic Portfolio Tool can be used to generate a detailed view of the SDGs, impact themes, outcomes, and output indicators of an individual investment. For more on this example, see page 58 in the Appendix.

Figure 23: Root Capital Impact Snapshot



SDG	Theme	Outcome	Output Indicator	Measurement
2 ZERO HUNGER	Small Holder Farmers	UN 2.3 Increase agricultural productivity and incomes of small-scale farmers	P19991 Supplier Individuals: Smallholders (IRIS)	744,000
			P15476 Value of Loans Disbursed (IRIS)	\$117,500,000
			P13180 Revenue Generated at Directly Supported/Financed Enterprises (IRIS)	\$1,230,000,000
5 GENDER EQUALITY	Women Empowerment	UN 5.A Increase number of women with rights to economic resources, property rights, financial services and other resources	P11728 Supplier Individuals: Female (IRIS)	239,000 Smallholders
2 ZERO HUNGER	Sustainable Agriculture	UN 2.4 Increase agricultural area under productive and sustainable agriculture	P14716 Protected Land Area: Total (IRIS)	639,000 Hectares

* Selection of impact metrics from 2016 and 2017 report

Bringing It Together: Investments by Asset Class and SDG

All of the 100% respondents are working to build a portfolio to achieve a measurable impact aligned with their impact intentions. Figure 24 on the next page provides examples of investments by SDG and asset class taken from the *Toniic Directory*.³⁹ We encourage the reader to explore additional examples of investments by SDG and asset classes in the *Toniic Directory*. You will find a wide range of investments across investor types (retail to institutional); level of proximity to impact enterprises (from direct impact investments to impact funds and impact fund of funds); geographies (investments on every continent around the world); and investments in a variety of asset classes for each of the 17 SDGs.

37 <https://sustainabledevelopment.un.org/content/documents/11803Official-List-of-Proposed-SDG-Indicators.pdf>

38 <https://iris.thegiin.org/> The GIIN is dedicated to developing IRIS - the catalog of generally-accepted performance metrics used by a majority of impact investors - together with the industry.

39 www.toniic.com/toniicd

Figure 24: Examples of Impact Investments per Asset Class and SDG

	Cash and Equivalents	Fixed Income	Public Equity	Hedge Funds	Private Equity	Real Assets
1 	Beneficial State Bank	SAIF Bastion fund			Big Issue Invest SEIF2	UrbanAmerica II, LP
2 	Triodos Sustainable Trade	Root Capital	Whole Foods		InvestEco Food Fund II	Farmland LP
3 		Meds and Food for Kids	Peptron, Inc	Hawkes Bay Partners Healthcare	Salud Facil	
4 	RSF Social Finance	The School of Life	TAL education group		Learn Capital	
5 	MicroVest Short Duration Fund	Breckinridge Capital Advisors	Pax Ellevest Global Women	Paceris Sustainable Equity	Birthright: a war story	Sueños
6 		AZ Water Infrastructure Fin Auth Rev 040688ly7	PowerShares Global Water ETF	Summit Offshore Water Equity Fund	Portapure	Allianz Global Water
7 	Calvert Short Duration Income Fund	SunFunder	Solaredge Tech Comm		Gigawat Global	Bluefield Solar
8 		Acumen Capital Markets I, LP	iShares MSCI EM ESG Optimized ETF		Adobe Social Mezzanine Fund I LP	The Ethical Property Company
9 	Grand Mountain Bank	Massachusetts General Obligation Bonds (Green Bonds)	Hannon Armstrong Inc		Better Ventures Fund II LP	iShares S&P Emerging Infrastructure
10 		Community Investment Management	Trillium Small/Mid Cap Core Strategy		Bridges Social Impact Bond Fund	Grove Street Property
11 	New Resource Bank	CA Infrastructure & Econ Dev Bk (Green Bonds) Rev 13034arxo	Vert Sustainable Real Estate Fund		Regen Villages	Open Path Investments
12 	RSF Social Finance	Sonen Global Fixed Income	Pax World Global Environmental	Sonen Global Multi Strategy	Circularity Capital	Powershares CleanTech
13 		World Bank (IBRD) Ethical Europe	ETHO Capital	Summit Sustainable Opps	New World Capital	First Trust Global Wind
14 		CA San Jose-Santa Clara Clean Wtr Fring Auth Swr Rev NC	Xylem Inc.		Aqua-Spark C.V.	
15 		NatureVest notes	Domini Impact Equity Investor	Sonen Global Multi Strategy	Better Place Forest	EcoTrust Forests
16 		Media Development Investment Fund	Tides Balanced Pool Fund		Apollitical	Paintings and art works
17 	Calvert Social Investment Note	Calvert Community Investment Notes	Wellington Global Impact		SFRE	

impact performance

An important note regarding this section of our report: The returns stated herein are meant to be illustrative only and have not been audited. Past performance is not necessarily indicative of future performance, and there can be no assurance that any investment will achieve its stated impact objectives. References in this report to past impact returns of any investment program are no guarantee of future performance. There can be no assurance that the investments identified in this report will continue to achieve their stated past impact returns or achieve their targeted impact objectives.

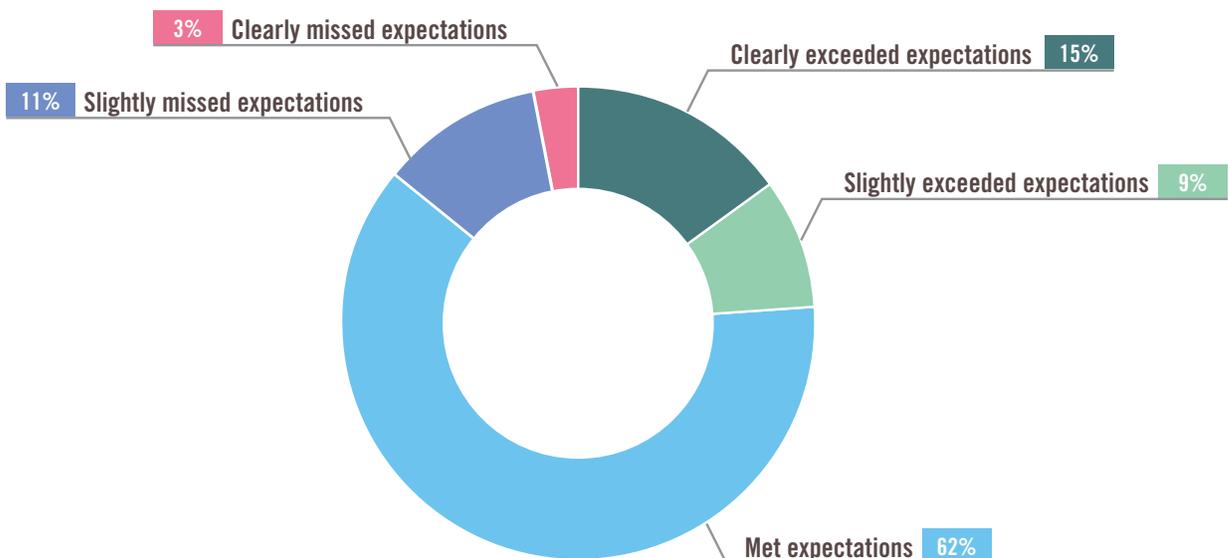
Impact Return Expectations

Respondents were asked to compare the impact performance of their impact portfolios with their impact expectations. **86% of respondents report either meeting or exceeding their impact performance expectations**, however, only 60% are measuring their portfolio impact.⁴⁰

The inconsistency between these two data points might be explained by the so-called *church attendance*⁴¹ conundrum—what we say is not always what we do. Work needs to be done to understand and address the inconsistencies in the responses to these questions in future surveys.

Figure 25 below shows that 86% of respondents are meeting and/or exceeding their desired impact goals in their investment portfolios. However, it should be noted that measuring portfolio-level impact is a challenge. While respondents were able to establish impact objectives for most investments, due to the diverse nature of these investments, establishing impact goals for their overall portfolio remains difficult to quantify.

Figure 25: Impact Performance vs. Expectation (66 respondents)



40 See *Managing and Measuring Impact* on page 28

41 <https://www.psychologytoday.com/us/blog/the-good-life/201012/church-attendance-what-we-say-is-not-always-what-we-do>

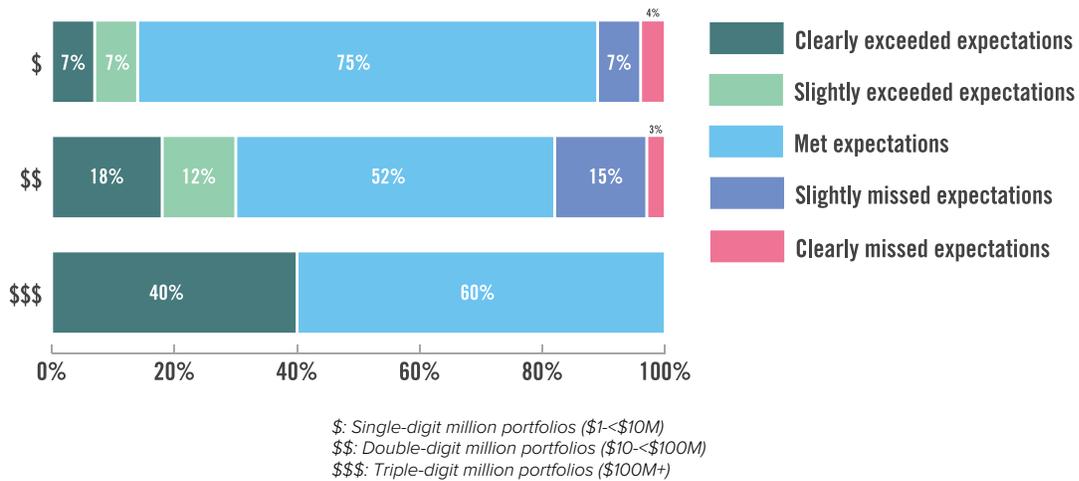
Impact performance by entity type shows foundations and investment companies achieving almost 100% of their impact performance targets (94% and 100% respectively).

Figure 26: Impact Performance by Investor Type (66 respondents)



Impact performance by different asset sizes shows that 94% of respondents with single-digit million portfolios appear to be meeting or exceeding their portfolio impact expectations.

Figure 27: Impact Performance by Asset Size (66 respondents)



financial performance

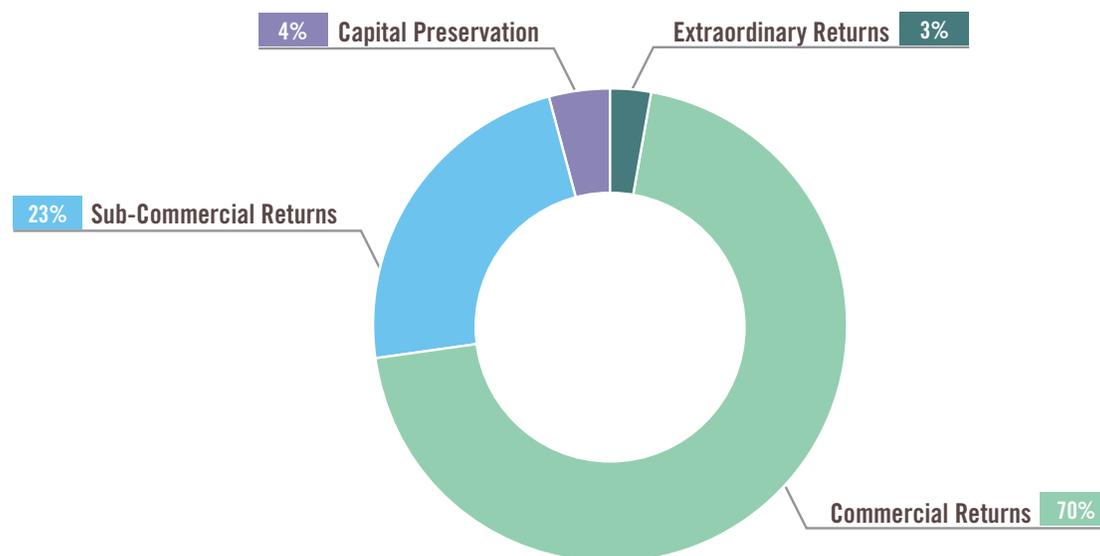
An important note regarding this section of our report: The returns stated herein are meant to be illustrative only and have not been audited. As with all investments, past financial performance is not necessarily indicative of future returns, and there can be no assurance that any investment will achieve its stated objectives or avoid losses. References in this report to past financial returns of any investment program are no guarantee of future performance. There can be no assurance that the investments identified in this report will continue to achieve their stated past returns or achieve their targeted objectives.

Definitions of return expectations used in the T100 survey and portfolio tool are based on a framework developed by the Omidyar Network.⁴²

Financial Return Expectations

Portfolio investors in the T100 study expect either risk-adjusted commercial and extraordinary returns (73%), sub-commercial returns (23%) or capital preservation returns (4%).

Figure 28: Financial Return Expectations (66 respondents)



Respondents define commercial return expectations in a range from 2% to 15% annualized for the portfolio. 12% of respondents expect an annualized return of less than 4% per annum for their whole impact portfolio, 55% percent expect 4%-8% per annum, and one-third expect a return of more than 8% per annum for their impact portfolio. Because respondents' investment strategies vary, no conclusions regarding expected annualized returns for an impact portfolio should be drawn from this data.

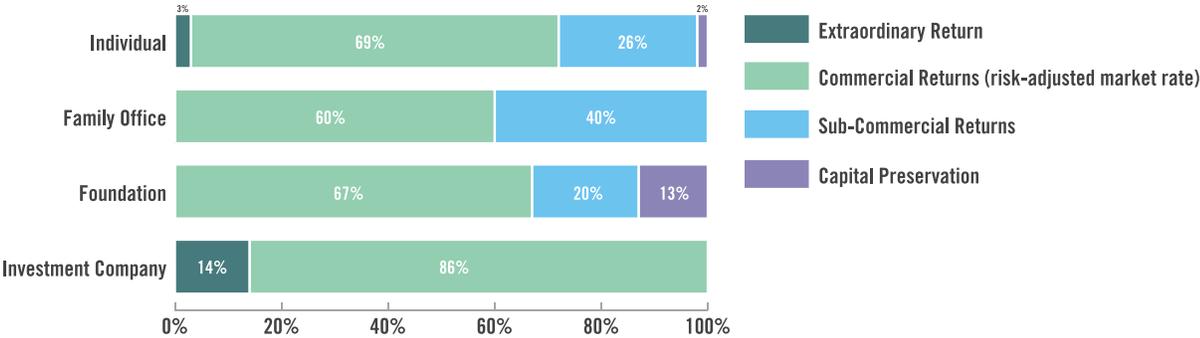
42 <https://www.omidyar.com/spotlight/how-do-we-invest-across-returns-continuum>

Financial Return Expectations by Entity Type

When analyzed by entity type and compared to the Launch report, family offices and individuals reported the largest change in portfolio level return expectations:

- In the Launch report, 100% of family offices shared that they expected their portfolios to deliver a commercial return. For this report, 60% of the family offices shared that they expect their portfolio to deliver a commercial return and 40% expect their portfolio to deliver a sub-commercial return. The difference in the response between the Launch report and this report is due to a few new respondents declaring sub-commercial returns for their entire portfolio and one respondent, who participated in both reports, changing his return expectations from commercial to sub-commercial. A few of the respondents indicated that their objective for portfolio returns is not captured by the terms “capital preservation,” “sub-commercial,” or “commercial.”
- 72% of the surveyed individual investors expected commercial rate or higher returns for their impact portfolio compared to 86% in the Launch report.
- 67% of the foundations expected their portfolio to deliver commercial returns, 20% expected sub-commercial returns, and the remainder expected their portfolio to deliver capital preservation returns. Expectations are similar to those reported in the Launch report (64% commercial, 27% sub-commercial, 13% capital preservation).
- 100% of investing companies expected commercial or extraordinary returns.

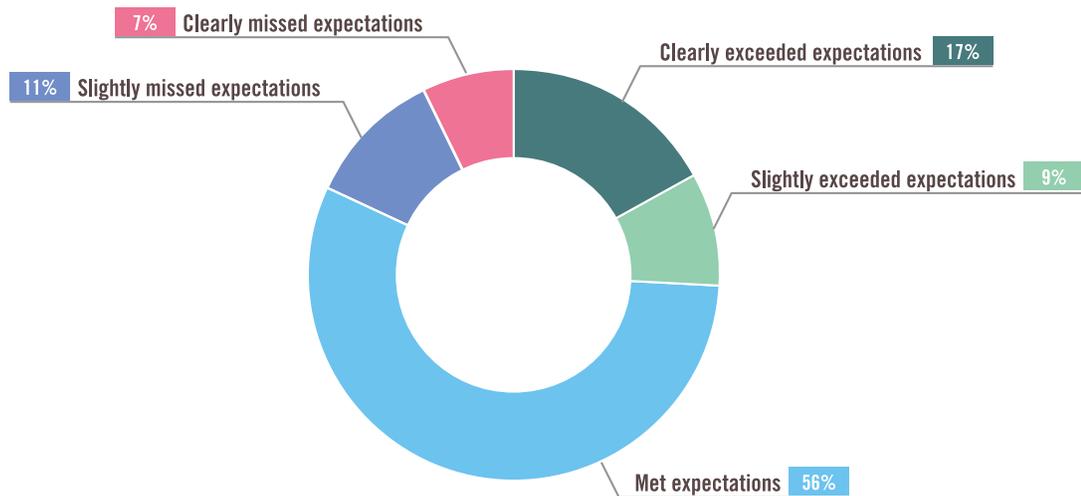
Figure 29: Financial Return Expectation by Investor Type (66 respondents)



Reported Financial Performance

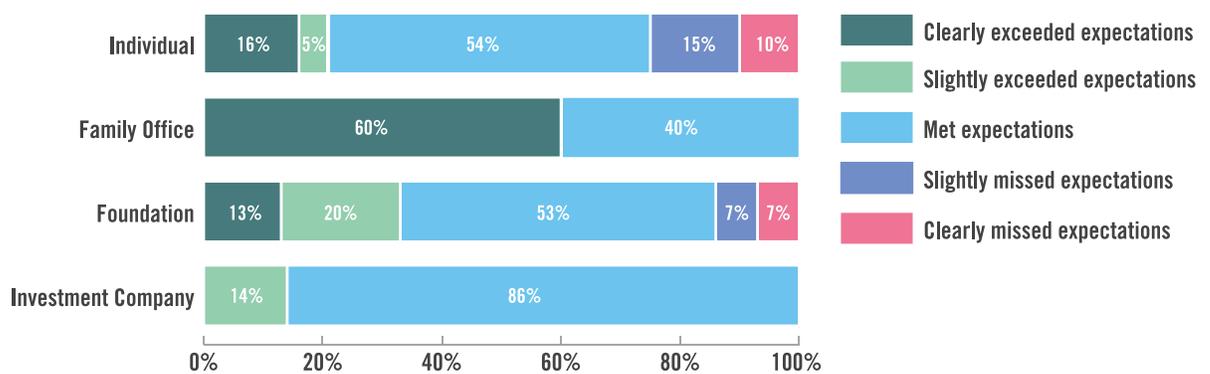
Reported portfolio financial performance remains on target. Based on the aggregated analysis below, **82% of survey respondents report that they met or exceeded the financial performance expectations for their impact portfolio** over the last fiscal year.

Figure 30: Financial Performance vs. Expectation (66 respondents)



All family office and investment company respondents, and 86% of the reporting foundations met or exceeded their overall financial performance expectations. 75% of high net worth individuals met or exceeded financial expectations for their portfolio.

Figure 31: Financial Performance by Investor Type (66 respondents)



Time Horizon, Risk, and Returns

Respondents are taking a more patient capital approach to their impact investments. In response to a survey question regarding the average length of time a respondent expects to hold non-impact and impact-related assets, respondents indicated that they expect to hold impact investments twice as long as their non-impact investments. The majority of respondents (64%) expect to hold their impact investments for eight or more years. This finding resonates with *Figure 11: Impact Categories by Liquidity* on page 13 of this report. Thematic impact investments in the respondents' portfolios are generally more illiquid than sustainable and responsible strategies.

Three-quarters of respondents believe impact investments are financially as risky or less risky than non-impact investments.

A majority of the respondents believe impact investments yield the same or higher returns compared to traditional investments whether they are held for the short-term (1-3 years) or the long-term (>7 years).

As shared in the section on *A Spectrum of Capital* on pages 23-24, investors in search of deeper impact in their portfolios have indicated that they are prepared to take on more risk or trade financial returns for impact on a case by case basis.

the GIIN and Toniic

To solve for the lack of compelling quantitative and qualitative evidence in impact investing, the GIIN (the Global Impact Investing Network) and Toniic conduct surveys to learn more about the practice of impact investing.

Toniic's survey participants include individual investors, family offices, and foundations. The GIIN's survey participants include, among others, impact investing organizations, fund managers, foundations, banks, development finance institutions, family offices, and pension funds.

As part of our mutual desire to inform the field, **our organizations agreed to analyze and compare our respective survey respondents' approaches to impact investing** with the intention that this work could benefit our impact investor members as well as investors wanting to move into impact.

To achieve this goal, the GIIN and Toniic aligned ten of their 2017 member survey questions. The following section, co-written by the GIIN and Toniic, shares what we learned from this exercise.



Impact Measurement and Management: Comparing GIIN and Toniic Member Practices

Abhilash Mudaliar, Director of Research at the GIIN

The impact investing market is dynamic and gaining momentum, enjoying unprecedented growth and interest from investors of all types. Data show that 57% of investors active in the market made their first impact investment in the last 10 years. There are many factors behind the growth in the market, including the expanding body of high-quality research that is bridging critical knowledge gaps and shedding light on practice.

The T100 report provides important insight into the yearly activities and perceptions of the Toniic 100% Impact Network members. In doing so, the report increases the evidence base for impact investing, providing transparency on practice and trends amongst a group of the most committed impact investors in the market.

Research on impact measurement and management (IMM) is a core focus for both the GIIN and Toniic, given that investors' commitment to measuring and managing the impact generated by their investments is a defining characteristic of impact investing. Indeed, the GIIN recently conducted its first survey of the state of IMM practice with insights from 169 active impact investors globally. In this section, findings from Toniic's survey are shown alongside results from the GIIN's research, providing a useful way for readers to compare and contrast findings.

We can make these comparisons thanks to strategic collaboration between our organizations to gather comparable data. "Gin and tonic" have long been recognized as great partners, and we are delighted to put our own spin on this heady combination through our partnership. We are thrilled to work with Toniic and other industry leaders to move the market forward by providing actionable research for impact investors. Our mission at the GIIN is to enhance the scale and effectiveness of impact investing, and our work with Toniic provides an important way for us to advance this mission.

There is Much Alignment

GIIN survey respondents and Toniic members share the same motivation for measuring, managing, and reporting impact, namely to better understand and improve their impact. The second most important reason for Toniic respondents is to *manage or improve their impact*, while for GIIN respondents it is *to be able to proactively report their impact to key stakeholders*.

Collecting quality data in impact management is the number one challenge for both groups, followed by *aggregating, analyzing, and/or interpreting data for decision-making as well as identifying appropriate impact metrics and targets*.

We found **notable alignment between both investor groups in terms of financial and impact expectations and performance**. A majority of both the GIIN (61%) and Toniic (70%) respondents expect risk-adjusted commercial rate returns on their investment portfolio. 26% of the GIIN and 23% Toniic respondents, respectively, expect sub-commercial returns and 13% of the GIIN and 4% of Toniic respondents target capital preservation.

Both the GIIN survey⁴³ respondents and Toniic members report that their investments have either met or exceeded their expectations for impact (GIIN: 98%, Toniic: 87%) **and financial performance** (GIIN: 91%, Toniic: 82%).

Impact Targets are a Work in Progress

With 59% of the GIIN respondents setting impact targets versus 36% of Toniic respondents, we observe that **setting measurable impact targets remains a work in progress for private investors**, while the broader sample of impact investing organizations, especially fund managers, are more proactive with regards to impact target setting in their discussions with investees.

Impact Measurement Resource Constraints

Standard taxonomies, frameworks and rating tools like IRIS, B-Analytics and GIIRS are more commonly used by the GIIN survey respondents (62%) to measure the impact of their investments than by Toniic members. **Toniic members prefer non-standard methods** (33%), such as a set of criteria developed from using an impact lens and proprietary methods (17%) like the New Philanthropy Capital Impact Risk Classification,⁴⁴ to quantify the impact of their investments. Only 27% of Toniic members use standard metrics like IRIS.

Both the GIIN (91%) and Toniic (75%) respondents mostly measure outputs—the direct products of an organization's activities—to capture the impact of their investments.

Measuring negative and/or net impact remains a challenge for both institutional and private investors. Of the members of both organizations that are measuring, most are measuring positive impact, while far fewer are measuring negative impact.

43 GIIN data on impact and financial performance is from the 2017 Annual Impact Investor Survey (<https://thegiin.org/research/publication/annualsurvey2017>)

44 <https://www.thinknpc.org/publications/assessing-the-impact-practices-of-impact-investments/>

Summary

In conclusion, **respondents from both surveys follow a similar rationale for measuring impact and therefore can benefit from sharing best practices.** GIIN survey respondents set predetermined impact targets more often and use standard metrics like IRIS to measure their impact. Private investor members of Tonic prefer to use bespoke methods to measure the impact of their investments. Resource constraints were cited as a challenge by Tonic members who do most of the measuring themselves, while GIIN respondents use their broader investment team or dedicated impact measurement and management staff.

Both organizations believe it is important to understand the motivations and approaches of different investor types in more depth as we see a need for more public-private partnerships that can only be met with collaboration. We look forward to collaborating with the GIIN in the future to create more comparable data points.

going deeper

As we learned in the **Why** section of this report starting on page 4, the desire to make a positive contribution goes well beyond the respondents' portfolios. 100%ers want to make a positive contribution to humanity and the environment.

How they are doing this is the subject of this section.

Some 100%ers are amplifying their portfolio work for the benefit of retail investors and community patient capital projects. Others are exercising their version of a *spectrum of capital* in order to achieve societal as well as environmental impacts that are beyond what they can achieve in their investment portfolio. Many are not only championing the use of a specific lens, be it *gender*, *LOHAS*,⁴⁵ the *creative, sharing or caring economy*, but are also creating tools, products and services to mobilize co-investor communities, and democratize access to impact investments.

Democratizing Access to Impact Product

In the T100 Launch report, **James Perry**, CEO of Panaphur, a family foundation in the United Kingdom, shared how the lack of access to capital to grow his social business led him to question the financial system and challenge the trustees of the board of the foundation to rethink their endowment investment thesis. This led to the allocation of the foundation's total portfolio into 100% impact.

Fast forward to today. James now has a bigger goal: leveraging the foundation's portfolio work to **democratize access to impact investing**. "We thought that if you wanted to democratize investing, then you needed something that was within reach of the retail investor. So, we are aggregating the assets of others, and creating something that looks a bit like an investment trust or the sort of product you might buy from a wealth management company: a multi-asset wealth management solution." Aptly named "Snowball," the founding team just brought in their fifth partner, a family office. "This is part of a much bigger movement, an awakening of what an investment is and could be."

Dr. Ruth Shaber, founder of the Tara Health Foundation in the United States, exclaims that if we are to democratize access to impact, then we need to attack the notion that wealth managers are the ones who decide what constitutes social impact and what does not. She points to the need for a fundamental paradigm shift—**social impact should be defined by the impacted communities and social scientists, not wealth managers**.

Her guide is her career in medicine. Doctors talk about patient-centered care. She asks why corporate employees or Indian garment workers are not at the center of conversations about corporate behavior and the workplace environment. Ruth shares the story of a small boutique wealth manager in San Francisco. This firm is working with their LGBTQ⁴⁶ and African-American clientele to decide which metrics are important for these communities. The idea of a community defining its criteria of what is meaningful for them is a powerful, but mostly foreign, notion for the public markets.

The Tara Health Foundation team is working with different providers to do a landscape assessment of gender data. As an example, Equileap, one of the companies the foundation is working with, publishes its ranking of over 3,000 companies in 23 countries based on 19 gender equality criteria. Paying attention to what is being measured, by whom, and why, and assessing if these are the metrics that matter is critical to changing the paradigm.

45 LOHAS - Lifestyles of Health and Sustainability

46 LGBTQ - Lesbian, Gay, Bisexual, Transgender, and Queer

From Portfolio Impact to Community Impact

It was a chance meeting with Australian impact investors Berry Liberman and her husband, Danny Almagor in 2013 that set **Lital Slavin**, a 40-year-old impact investor and principal of Beyond Family Office from Tel Aviv, on her 100% impact investing journey. Five years later, Lital has a thriving family office practice. “What’s beautiful is that we manage funds for traditional investors, and we introduce them to ideas about how they can use their wealth to promote or achieve things they care about.”

In 2017, Lital together with fellow Toniic members Noa Yovel, Yoav Maoz, Danny Almagor, Berry Liberman and their growing network of impact investors approached a very rundown neighborhood in Haifa with an idea. Working with the municipality, the community, the neighborhood council, philanthropists, and investors, they set in motion a multi-year urban renewal project to address the aging infrastructure and create affordable leasehold and rental properties for the community.

The project⁴⁷ is underway. Lital admits that while “real estate is not my area of expertise,” the vision is being realized through a partnership of the investors, local NGOs, the municipality, and the community. **“I think it will be one of the major impacts of my life if we are successful—a template for urban revitalization that benefits the residents and does not displace them.”**

Focusing a Gender Lens on College Endowments

Suzanne Biegel recently teamed up with **Dr. Ruth Shaber** to challenge universities and colleges to apply a gender lens to their endowments. Suzanne points to the availability of gender lens tools and investment options, and the growing track record of success in impact and returns to underscore that investing with a gender lens is now possible for both retail and institutional investors.

Investing in the Creative Economy

The National Endowment for the Arts (NEFA) defines the creative economy as “a powerful engine of growth and community vitality.” The arts have long been seen as the purview of philanthropy. But as NEFA points out on its website, the creatives generate jobs and revenue, and contribute to the quality of life. Investable business models in the arts are emerging thanks to pioneers like Laura Callanan, Founding Partner of Startup Co-Lab. **Lorrie Meyercord**, a 42-year-old private investor from Hawaii, shares that “at the beginning, it felt like a funny thing to say to my advisors that I would like to invest in the arts.” Lorrie experienced the power of setting intentions as investment opportunities began to emerge. “It was kind of a pipe dream, understanding that this isn’t a typical vertical. A cool part of this journey for me, has been watching the synchronicities that continue to unfold as I set an intention and people tend to come our way that support that intention. Laura Callanan bringing us the ArtSpace⁴⁸ investment opportunity with the Calvert Foundation is just one example.”

47 www.hadarimfund.com

48 ArtSpace (<http://www.artspace.org/about>) is a leading developer of art facilities—creating, owning, and operating affordable spaces for artists and small businesses.

Small Investments for Big Change

Joel Solomon, the 63-year-old co-founder and Chair of Renewal Funds in Vancouver, Canada, was heavily influenced in his early days as an investor by Josh Mailman, describing Josh as “a wild man with money.” Josh taught Joel how to use his instincts and the power of observation in his investing and how not to invest more than he was ready to lose. Joel was also influenced by his family’s business, a shopping mall developer. Joel struggled with questions about money and capitalism. “I decided after my father died that the worst thing I could do with privilege was squander it.” He started fixing up houses, and investing in small and growing businesses in the Nashville area, a time Joel refers to as his “hyper-local” and “anti-shopping mall” days.

“Our thing was that we were building a ‘Noah’s Ark’ of stories.” **Joel was convinced from the beginning, and now has the evidence to prove, that the stories behind local investments would power the local ecosystem and shift cultural beliefs and ultimately move capital.** This is in fact how the LOHAS (Lifestyle of Health and Sustainability) movement took flight.

Today, Joel carries these lessons into his personal investment strategy. Using what he calls “sprinkle money” or “love money,” he invests small amounts in companies that grab his interest. He sees this as education, with “a little bit of magic.”

reflections

“Coming together is a beginning; keeping together is progress; working together is success.” Edward Everett Hale, born in Boston in 1822, was an American author, historian and clergyman who might have been talking about the Toniic 100% Impact Network, were he here today. The Toniic T100 project success relies on the trust, commitment and willingness of the Toniic 100% Impact Network members to show up, share, and work with each other and the Toniic team to make available their impact investing data and perspectives for the benefit of people and planet.

Edward used his writing and oratory skills to champion causes like the education of African-Americans, workmen’s housing, and world peace. While our members are also using their writing and oratory skills to champion similar social issues, they are doing much more. Toniic 100%ers are using the lever of the financial markets to challenge the financial system that is in large part responsible for these social inequalities. They are freeing themselves from the status quo, and with their like-minded global colleagues engaging in previously unthinkable undertakings that are testing and activating their relationships, skills, and capital resources.

Accomplishments abound. From the data and the surveys, we learned that participants in this report continue to successfully move their assets into investments delivering impact and financial performance aligned with their expectations. They are engaging colleagues and family members on their impact journey. They are becoming more discerning about impact products, services and intermediaries. And they are identifying opportunities that allow them to link their assets, skills, and networks to have impact beyond their portfolios.

While challenges remain, they are not insurmountable.

The difficulties of designing the perfect impact investor survey has sometimes led to inconclusive results in the data. This underscores the importance of our working together with our academic and industry partners—Center for Sustainable Finance and Private Wealth at the University of Zurich, and the GIIN—to solve for the impact industry’s lack of qualitative and quantitative data. We encourage others to join us and share their data for the benefit of the field.

Impact management and measurement remain a challenge. However, progress is being made. The UN Sustainable Development Goals combined with member-inspired tools for organizing and clarifying portfolio data are showing much promise.

“I started my advocacy with angels, philanthropists, and families. Now pension funds, institutional investors, wealth advisors, asset managers, and networks of women are calling me wanting to know how to move into gender lens investing.”

– Suzanne Biegel

Lessons learned by one investor can be valuable to another. Where one investor's challenge is "truly finding impact themes that resonate with me and make sense holistically in my portfolio" (Paolo Fresia), advice shared by another is to "stay focused on what you're trying to achieve and be clear with your intentions in allocating capital" (Jed Emerson).

"Align impact expectations early on with investee and other shareholders."

– Liesbet Peeters

Similarly, where some are challenged by "holding investments that you cannot liquidate" (Compton Foundation), or a "shortage of impact products and intermediaries" (Doug Lee), or the "lack of a secondary market" (Elizabeth Funk), others have learned to "be patient, [because] it takes longer than you think" (Amy Divine).

Investors are learning to be flexible. A seasoned investor cautioned "not to be too stuck on approaches, and [to be] comfortable with ambiguity and change" (Annie Chen). In a similar vein, another shared that "there are no public securities that meet my definition of impact, so [it is important to get] comfortable with good/better/best strategies. [I'm] learning to view it as a spectrum vs. an absolute" (Eric Jacobsen).

"It is important to apply the same rigor to impact analysis that I apply to financial analysis."

– Adam Bendell

Many are committed to sharing their impact journey with their parents, their spouse, and their children. While working with family can sometimes be daunting, from struggling with the constraints of "the structure of the family holding," to "convincing the trustees of our family trusts," one investor shared that doing impact investing brings his family together around shared impact goals.

Many have aspirational goals. 100%ers are becoming more vocal about appropriate risk and returns by taking action in their portfolios. They are investing in impact themes where it is not yet known what the risk-adjusted market rate returns might be and therefore are choosing not to compare themselves to existing benchmarks, but to experiment and co-create new ones. Capital is viewed as a *spectrum* that has infinitely more possibilities than those suggested by the conventional Modern Portfolio Theory.

"Impact is not a trade-off between doing good and increasing capital; it is a convergence between financial gain and social impact, as long as you proceed sequentially; first you care, then deploy, co-create, harvest."

– Bob Pattillo

Ultimately the journey is about transformation. Charly Kleissner shares that "personal transformation, mindfulness, consciousness and awareness are the key to everything, including impact investing." Lorrie Meyercord connects the principles that brought her to her work as an acupuncturist, "trying to understand the deeper message that wants to be heard," to the "process of investing."

Dr. Ruth Shaber is energized by the process of leading her portfolio transformation. "I love what I do, I can't wait to get to the office and I've hired really talented people to join me on this journey." Eric Rassman moved from a place of fear to a place of empowerment, seeing capital as "a tool for my own individual growth and transformation."

Danny Almagor and Berry Liberman see their work as really about the "transformation" and "opening of people's hearts, not just their minds."

If Edward Everett Hale were alive today and an impact investor, he would probably add one more thought to his quote. **"Coming together is a beginning; keeping together is progress; working together is success; but transformation is the ultimate goal."**

appendix

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B. Report Lexicon

Assets Under Management (AUM). The total market value of assets that an investment company or financial institution manages on behalf of investors. <https://www.investopedia.com/terms/a/aum.asp>

Baby Boomers. Persons born between 1946 and 1964

Characteristics of Dataset:

- **Type of investor:** High Net Worth Individual (HNWIs), Family Office, Foundation (Family Foundations and Donor Advised Funds), Investing Company (please see detailed definition below)
- **Asset size (USD):** Single-digit million (\$) portfolios (\$1-<\$10M), Double-digit million (\$\$) portfolios (\$10-<\$100M), Triple-digit million (\$\$\$) portfolios (\$100M+)
- **Gender of Investors:** Male or Female
- **Age:** Millennial (born between 1981 and 2000), Generation X (born between 1965 and 1980), and Baby Boomers (born between 1946 and 1964)
- **Domicile:** Africa, Asia & Oceania, Middle East, US & Canada, Europe, Latin America
- **Working with advisors or other investment professionals:** Yes or No
- **Impact Categories:** Thematic, Sustainable / ESG, Responsible / SRI (please see detailed definitions below)

CSR Hub. CSRHub is a web based tool that provides access to employee, environmental, community and governance ratings on most major companies in North America, Europe and Asia. CSR Hub combines data from nine of the socially responsible investment (SRI) analysis firms, and over 265 nongovernmental organizations (NGOs), government agencies, news feeds, social networking groups, smaller for-profit organizations, and publishers. Their tools combine more than 133 million pieces of data on sustainability and CSR performance into a consistent set of ratings. <https://www.csrhub.com/>

Donor Advised Fund. A donor advised fund is a separately identified fund or account under US law that is maintained and operated by a section 501(c)(3) organization, which is called a sponsoring organization. Each account is composed of contributions made by individual donors. Once the donor makes the contribution, the organization has legal control over it. However, the donor, or the donor's representative, retains advisory privileges with respect to the distribution of funds and the investment of assets in the account. <https://www.irs.gov/charities-non-profits/charitable-organizations/donor-advised-funds>

Due Diligence. Due diligence is an investigation or audit of a potential investment or product to confirm all facts, such as reviewing all financial records, plus anything else deemed material. It refers to the care a reasonable person should take before entering into an agreement or a financial transaction with another party. <https://www.investopedia.com/terms/d/duediligence.asp>

Generation X. Persons born between 1965 and 1980

Global Reporting Initiative (GRI). The GRI Standards are the first global standards for sustainability reporting. They feature a modular, interrelated structure, and represent the global best practice for reporting on a range of economic, environmental and social impacts. <https://www.globalreporting.org/standards>

HNWI. High Net Worth Individual

Impact Categories. In our survey, we defined impact categories consistent with the Group of 8 (G8), World Economic Forum (WEF) and Global Impact Investing Network (GIIN) definitions:

Non-Impact: These investments follow the traditional investment approach with an emphasis on profit maximization without any explicit or intentional regard for social and/ or sustainable factors or externalities.

Responsible/SRI: "Socially Responsible Investments" or "Responsible" involves the negative screening of investments due to conflicts or inconsistencies with personal or organizational values, non-conformity to global environmental standards, adherence to certain codes of practice, or other such impact performance criteria. The term "Responsible" is further used to capture investment activity that may proactively contain a social or environmental component in its strategy.

Sustainable/ESG: "Environmental, Sustainable and Governance" or "Sustainable" investments move beyond a defensive screening posture and are actively positioned to benefit from market conditions by integrating environmental, social and governance (ESG) factors into core investment decision-making processes. This category can include corporate engagement, innovations and new markets that are recognized as a path to growth, with positive social and environmental benefits.

Thematic Investments (Thematic): "Thematic" (also known as Mission) investments have a focus on one or more impact themes, such as clean energy or access to clean water. These are highly targeted investment opportunities in which the social and/ or environmental benefits are fully blended into the value proposition of a commercially positioned investment. This category also includes, but is not limited to, investments that seek to optimize a desired social or environmental outcome, without regard to competitive return. These investments may trade off financial return for greater impact where a more commercially oriented return is not yet available. When practiced by US private foundations, there is the option to consider this a Program-Related Investment (PRI), as defined by US tax law.

Impact investing. Within Toniic, impact investing is used as an umbrella term to define an investment approach that intentionally seeks to create both financial return and positive social and/or environmental impact that is actively measured. For the purposes of the T100 Project, Toniic includes investments across asset classes, Program-Related Investments (PRI) and Mission-Related Investments (MRI).

Impact Investing Networks. ANDE, AVPN, ClearlySoAngels, Confluence Philanthropy, GIIN, the Global Social Benefit Institute, Investors' Circle, Nexus, PYMWYMIC, The ImPact, Toniic, and Unreasonable Institute are but a few of the over 40 organizations that 100%ers engage with in achieving their impact goals.

Investing Company. A private impact investment company ("Investment Company") is defined as an investment entity set up, invested in, and controlled exclusively or almost exclusively by a restricted group of individuals, family members or foundations.

IRIS. Investment Reporting Impact Standards. A catalog of generally-accepted performance metrics. <https://iris.thegiin.org>

LGBTQ. Lesbian, Gay, Bisexual, Transgender, and Queer

LOHAS. Lifestyles of Health and Sustainability

Millennials. Persons born between 1981 and 2000

MSCI. MSCI ESG Research has developed a framework designed to allow investors to measure their current exposure to listed companies providing sustainable impact solutions based on five actionable impact themes: Basic Needs, Empowerment, Climate Change, Natural Capital and Governance. MSCI ESG Sustainable Impact Metrics covers over 2,500 companies for social impact themes and over 8,500 companies for environmental impact themes. <https://www.msci.com/esg-sustainable-impact-metrics>

Multi-select question. A question that asks the person surveyed to select from a list of a discrete number of response options.

Pinchot Impact Index. The Pinchot Impact Index tries to measure and sum up the potential, intended, and achieved impacts within a portfolio to one value. <https://unarmobiscuit.com/impact/>

SROI (Social Return on Investment). Defined as the ratio of impact generated per client, to net cost per client. <http://redf.org/learn-category/sroi/> and https://ssir.org/articles/entry/measuring_social_return_on_investment_before_you_invest

Theory of Change (ToC). A Theory of Change defines long-term social or environmental goals and then maps backward to identify necessary preconditions.

United Nations (UN) Sustainable Development Goals (SDG). On September 25th 2015, countries adopted a set of goals to end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda. Each of the 17 goals has specific targets to be achieved over the next 15 years. <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

C. Toniic Portfolio Management Tools

During the process of collecting data for T100 reports, the Toniic team developed two tools that can help impact investors better manage their portfolios, as well as source and compare their investment activity with their peers.



Toniic Diirectory⁴⁹

A publicly accessible online searchable catalogue of more than 1,700 impact investments across all asset classes sourced from the portfolios of Toniic members, especially 100% Impact Network participants, and other catalytic organizations in the impact ecosystem like ImpactAssets and Tides Foundation. The directory is searchable by asset class, impact theme, UN Sustainable Development Goal, investment vehicle, impact geography, and more. This tool is licensed to the public subject to the Creative Commons Attribution Non Commercial No-Derivatives 4.0 International (CC BY-NC-ND 4.0) license.⁵⁰



Toniic Impact Portfolio Tool⁵¹

Used to gather data for the Launch and Powered Ascent reports, the Excel-based Toniic Impact Portfolio Tool enables impact investors to document the interrelationships between asset classes and the impact of a portfolio of investments.

This easy-to-use tool allows an investor to classify every underlying investment by its intended impact, as well as other variables that investors take into consideration when designing their portfolios—such as liquidity, expected returns, geography, management structures, and more.

The outputs of the tool are visual representations of the individual portfolios, as well as investment data, which has been included in the *Toniic Diirectory* and this report. This tool is licensed to the public subject to the Creative Commons Attribution-Non-commercial ShareAlike license version 4.0 International.⁵²

49 www.toniic.com/toniicd

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51 <https://www.toniic.com/t100/impact-portfolio-tool/>

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D. TONIIC SDG IMPACT THEME FRAMEWORK⁵³

The following charts (on page 59 and 60) were created by Tonic staff in order to demonstrate the alignment of Tonic member investment impact themes with primary and secondary SDGs.

SUSTAINABLE DEVELOPMENT GOALS IMPACT THEME FRAMEWORK V1.1



	U.N. PRIMARY SDG	TONIIC IMPACT THEME	U.N. ADDITIONAL SDGs
	End poverty in all its forms everywhere	Access to basic goods and services (p.4) Financial inclusion (p.4) [Affordable housing - See SDG 11] [Small holder farmers - see SDG 2]	8 9, 17
	End hunger, improve nutrition, and promote sustainable agriculture	Food security (p.4) Food waste (p.4) Healthy food (p.4) Small holder farmers (p.5) Sustainable agriculture (p.5)	3, 4 12 3 1 15
	Ensure healthy lives and promote well-being for all at all ages	Access to healthcare (p.5) Ageing (p.5) Maternal and reproductive health (p.6) Mental health (p.6) Disease prevention and response (p.6) Fitness and wellbeing (p.6) Biotechnology (p.6)	1 10 5
	Ensure quality education for all	Access to education (p.7) Education systems (p.7) Upskilling (p.7)	1, 5 16 8
	Achieve gender equality and empower all women and girls	Products and services for women (p.8) Women inclusive corporate policies (p.8) Women leadership and capital (p.8)	10 10
	Ensure availability and sustainable management of water and sanitation for all	Clean drinking water (p.8) Sanitation (p.8) Water infrastructure (p.8) Water conservation (p.8)	9 12
	Ensure access to affordable, reliable, clean energy for all	Access to (clean) energy (p.9) Transition from fossil to clean energy (p.9) Energy efficiency (p.9)	13, 1 13 9, 13
	Promote decent work for all and sustainable economic growth	Developed world jobs (p.9) Developing world jobs (p.9) Fair trade and ethical supply (p.9)	1 1 1
	Build resilient infrastructure; promote sustainable industrialization and foster innovation	Digital infrastructure (p.10) Sustainable physical infrastructure (p.10) Technology and technology transfer (p.10) Small enterprise lending (p.10)	9 8 17

53 <https://www.toniic.com/sdg-framework-3/>

SUSTAINABLE DEVELOPMENT GOALS

IMPACT THEME FRAMEWORK V1.1



	U.N. PRIMARY SDG	TONIC IMPACT THEME	U.N. ADDITIONAL SDGs
	Reduce inequality within and among countries	Equality (p.10)	
		Refugees (p.10)	16
		Social justice (p.10)	16
	Make cities and human settlements inclusive, safe, resilient and sustainable	Affordable housing (p.11)	1
		Community empowerment (p.11)	
		Green building (p.11)	12
		Homelessness (p.11)	
	Ensure sustainable consumption and production patterns	Circular economy (p.12)	9
		Environmental health (p.12)	3, 11
		Resource efficiency (p.12)	
	Take urgent action to combat climate change and its impacts	Climate adaptation strategies (p.13)	
		CO2 harvesting and storage (p.13)	15
		Greenhouse gas reduction (p.13)	7
	Protection and sustainable use of marine resources	Aquatic sustainability (p.14)	6
		Sustainable fisheries (p.14)	1
		Sustainable aquaculture (p.14)	12
	Protection and sustainable use of land resources	Animal welfare (p.15)	2, 6, 12, 13
		Sustainable managed landscapes (p.15)	13
		Biodiversity and conservation (p.15)	8
	Promote peaceful and inclusive societies, provide access to justice, and provide strong institutions	Policies and governments (p.16)	17
		Culture and the arts (p.16)	
		Media (p.16)	
		Conflict resolution (p.16)	16
	Work together for sustainable development	Financial system change (p.17)	
		Blended capital (p.17)	
		Building the impact ecosystem (p.17)	8

E. SDG Consolidated Impact Snapshot

Figure 32 and 33 below demonstrate how the Tonic Impact Portfolio Tool can be used to generate an impact snapshot. Figure 34 demonstrates how this data collected by the Impact Portfolio Tool can be aggregated across investments to generate an impact snapshot that targets a single SDG, in this case SDG 2 Zero Hunger.

Figure 32: Root Capital Impact Snapshot

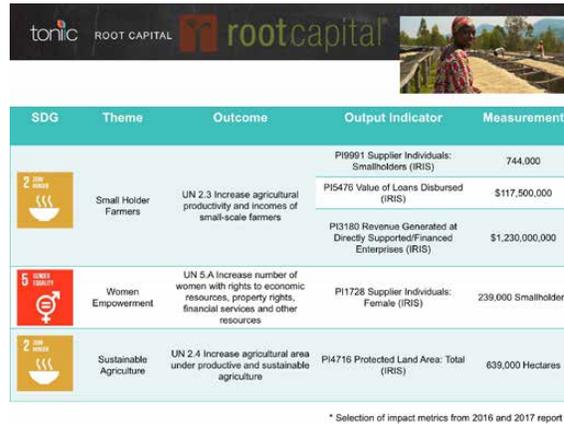


Figure 33: Farmland LP Impact Snapshot

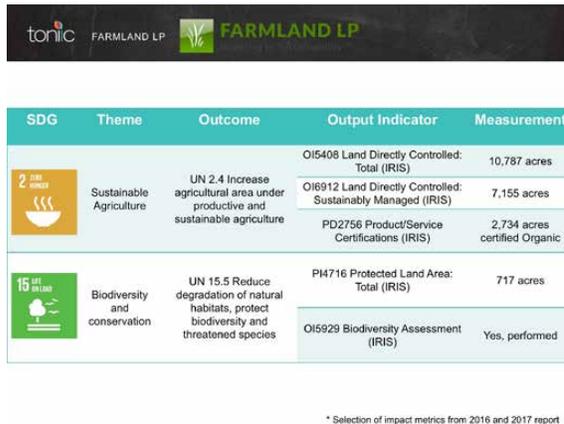
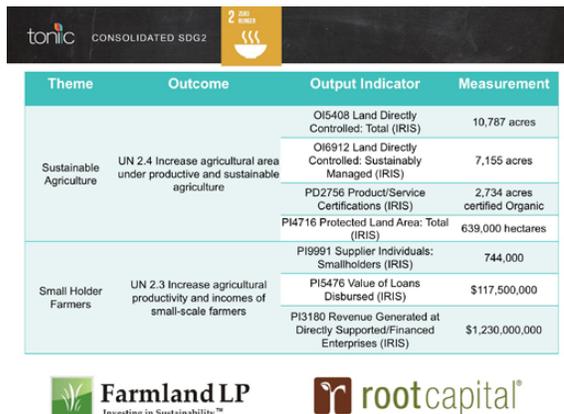


Figure 34: SDG 2 Consolidated Impact Snapshot



F. Theory of Basic Human Values - Key Value Types

Table 3: Values of T100 Investors based on Schwartz (1994)

Value	Value Statement	Level of Agreement in %
POWER	In social or business situations, it is oftentimes me who decides which way to go.	72
ACHIEVEMENT	Because of my involvement, many things are on the right track.	53
UNIVERSALISM	I am concerned with the state of the world today and how it will look in the future.	98
BENEVOLENCE	I am concerned with the well-being and happiness of people I am connected with.	92
TRADITION	I believe that traditional customs and/or religious values should guide our behavior.	22
CONFORMITY	I carefully consider how my own actions might affect others negatively.	97
SECURITY	For me, it is essential that we live in a stable society and safe environment.	93
HEDONISM	Me as an individual, I pretty much enjoy life.	97
STIMULATION	I hate daily routines; life needs to be exciting.	43
SELF-DIRECTION	I am a pretty creative person in general.	78

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Research, Co-Writing and Design Team

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- AlphaMundi Foundation
- Ford Foundation
- KL Felicitas Foundation
- Nathan Cummings Foundation
- Sonen Capital
- Tara Health Foundation

Sponsor profiles are located inside the back cover of this report.

H. Participants in the T100 Powered Ascent Report

This report would not have been possible without the willingness of Toniic 100% Impact Network members to share their personal wealth and investment journeys and portfolios. The breadth and depth of their support is a testament to the commitment these Toniic members have in wanting to transform the global financial system for good, and to build much needed evidence to attract more hesitant capital. We thank you for inspiring others to explore and deepen their own impact investing journeys.

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		Anonymous (6)

sponsor profiles

alphamundi

The AlphaMundi Foundation

The AlphaMundi Foundation is a 501(c)(3) registered in Washington, DC in 2016. The mission of the Foundation is to catalyze and scale investment in social enterprises that seek to improve the lives of the poor. The Foundation operates across three primary activities. First, the Foundation provides technical assistance to social businesses that are financially viable and have the potential to scale solutions to poverty at a national level or even across borders. Second, the Foundation supports impact measurement efforts, including GIIIRS ratings and outcome and impact measurement through longitudinal field surveys of beneficiaries. Finally, the Foundation contributes to the scale up and mainstreaming of the impact investing industry by sharing best practices derived from the AlphaMundiGroup's decade of experience in Latin America and Africa, and by sponsoring industry associations and seminal reports making the case for impact investing through transactional data and practitioner insights. The Foundation is financed both by third-party grants and by AlphaMundi Group's 20-20 policy, which allocates 20% of all carry revenues from its for-profit investment funds to the Foundation.



Ford Foundation

The Ford Foundation is an independent, nonprofit grant-making organization. For 80 years, we have worked with courageous people on the frontlines of social change worldwide, guided by our mission to strengthen democratic values, reduce poverty and injustice, promote international cooperation, and advance human achievement. With headquarters in New York, the foundation has offices in Latin America, Africa, the Middle East, and Asia.

We believe in the inherent dignity of all people. Yet around the world, billions of people are excluded from full participation in the political, economic, and cultural systems that shape their lives. This fundamental inequality is the defining challenge of our time. In addressing it, we are guided by a vision of social justice—a world in which all individuals, communities, and peoples work toward the protection and full expression of their human rights; are active participants in the decisions that affect them; share equitably in the knowledge, wealth, and resources of society; and are free to achieve their full potential.



KL Felicitas Foundation

KL Felicitas Foundation's mission is to enable social entrepreneurs and enterprises worldwide to develop and grow sustainably, and to advocate its impact investing strategy. The foundation corpus is 100% mission-aligned.



The Nathan Cummings Foundation

The Nathan Cummings Foundation is rooted in the Jewish tradition and committed to democratic values and social justice, including fairness, diversity, and community. We seek to build a socially and economically just society that values nature and protects the ecological balance for future generations; promotes humane health care; and fosters arts and culture that enriches communities. The Nathan Cummings Foundation is committed to fully leveraging their endowment to 100% mission alignment through impact investing strategies.



Sonen Capital

Sonen Capital is a specialized investment firm committed exclusively to impact investing. Since our founding we have stayed true to this mission and are proud of our heritage and the fact that providing impact investment services is the only thing we do. We've reflected this mission in our name, which is a modified acronym-Social and Environmental investing. This name not only embodies our values, but also our conviction that investing to generate financial returns and lasting social and environmental impact are compatible and mutually reinforcing objectives. With over five decades of combined sustainable investing learning and experience, Sonen team members are field builders dedicated to helping mobilize financial assets to help meet large-scale global challenges. This deep experience serves not only to inform and improve our knowledge of this evolving area, but it also enhances our ability to deliver clients increasingly more sophisticated and holistic impact investing solutions.



Tara Health Foundation

Tara Health Foundation aims to improve the health and well-being of women and girls through the creative use of philanthropic capital. To achieve this they leverage 100 percent of their assets (financial and human capital) in service of their mission. They measure and demonstrate social and financial returns on their grantmaking and investments, and they influence a sector-wide shift in philanthropy toward 100 percent mission-aligned assets. Dr. Ruth Shaber created the foundation in 2014 after more than two decades working on the frontlines of women's health care. After founding the Women's Health Research Institute at Kaiser Permanente, Dr. Shaber committed to building a foundation that would apply the principles of evidence-based medicine to philanthropy. Tara Health is dedicated to identifying and supporting innovative solutions that improve the health and well-being of women and girls.

*“Impact investment is transformative to the investee,
but more so to the investor.”*

– Bob Pattillo, Gray Matters Capital



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